

Blue Pacific Finance Hub: Investing in Resilient Pacific SIDS Ecosystems and Economies

Part I: Project Information

GEF ID

10986

Project Type

FSP

Type of Trust Fund

LDCF

CBIT/NGI

CBIT No

NGI No

Project Title

Blue Pacific Finance Hub: Investing in Resilient Pacific SIDS Ecosystems and Economies

Countries

Regional, Kiribati, Solomon Islands, Timor Leste, Tuvalu

Agency(ies)

ADB

Other Executing Partner(s)

Executing Partner Type

National: Ministries of Finance in 4 LDCs; Regional: Coalition of Low-Lying Atoll Nations on Climate Change (CANCC); Secretariat of the Pacific Regional Environment Programme (SPREP; TBC); University of South Pacific (TBC)

Government

GEF Focal Area

Climate Change

Taxonomy

Climate Change, Focal Areas, Climate Change Adaptation, Climate finance, Innovation, Sea-level rise, Least Developed Countries, Disaster risk management, Private sector, Gender Equality, Gender Mainstreaming, Sex-disaggregated indicators, Enabling Activities, Capacity, Knowledge and Research, Knowledge Exchange, Capacity Development, Type of Engagement, Consultation, Partnership, Communications, Awareness Raising, Behavior change, Stakeholders, Influencing models, Convene multi-stakeholder alliances, Deploy innovative financial instruments, Transform policy and regulatory environments, Private Sector, Capital providers, SMEs, Financial intermediaries and market facilitators, Large corporations, Beneficiaries

Sector

Mixed & Others

Rio Markers

Climate Change Mitigation

Climate Change Mitigation 1

Climate Change Adaptation

Climate Change Adaptation 2

Duration

48 In Months

Agency Fee(\$)

809,170.00

Submission Date

4/13/2022

A. Indicative Focal/Non-Focal Area Elements

Programming Directions	Trust Fund	GEF Amount(\$)	Co-Fin Amount(\$)
CCA-1	LDCF	7,062,830.00	41,755,652.30
CCA-2	LDCF	1,928,000.00	11,944,347.70
Total Project Cost (\$)		8,990,830.00	53,700,000.00

B. Indicative Project description summary

Project Objective

Project Objective: To identify, prepare and finance investments that increase the resilience of Pacific coastal communities and ecosystems with primary focus on four LDCs.

Project Component	Financing Type	Project Outcomes	Project Outputs	Trust Fund	GEF Amount(\$)	Co-Fin Amount(\$)
Component 1Capacity and governance to finance sustainable, resilient blue economies are strengthened.	Technical Assistance	Outcome 1: Capacity and governance to finance sustainable, resilient blue economies are strengthened.	Output 1.1 Country-driven economic and financial analyses of ocean protection, ocean-climate solutions, and ocean-positive investments. Output 1.2 Improved ocean governance systems including sustainable ocean planning and adaptation planning. Output 1.3 Mechanisms to increase public and private capital for ocean-climate action in the Pacific, including through domestic resource mobilization and innovative financing instruments (selected countries). Output 1.4 Capacity building for young professionals in ocean finance and the blue economy.	LDC F	1,163,000.00	7,200,000.00

Component 2: Sustainable, resilient blue economy projects are identified, prepared, and financed.	Investment	Outcome 2: Sustainable, resilient blue economy projects are identified, prepared, and financed.	Output 2.1 National and regional pipelines of sustainable, resilient blue economy investments are prioritized. Output 2.2 Sustainable, resilient blue economy projects are prepared for finance. Output 2.3 Sustainable, resilient blue economy projects are implemented.	LDC F	6,000,000.00	37,600,000.00
Component 3: Regional collaboration and knowledge management are strengthened.	Technical Assistance	Outcome 3: Regional collaboration and knowledge management are strengthened.	Output 3.1 Establishment of the Blue Pacific Finance Hub to facilitate collaboration on ocean-climate action and resilient blue economy development. Output 3.2 Regional blue ocean knowledge-sharing and learning strategy developed and implemented. Output 3.3 Research and Education Division of the CAN-CC established.	LDC F	1,400,000.00	6,200,000.00
Sub Total (\$)					8,563,000.00	51,000,000.00
Project Management Cost (PMC)						
LDCF					427,830.00	2,700,000.00
Sub Total(\$)					427,830.00	2,700,000.00
Total Project Cost(\$)					8,990,830.00	53,700,000.00

Please provide justification

C. Indicative sources of Co-financing for the Project by name and by type

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount(\$)
GEF Agency	Asian Development Bank	Grant	Investment mobilized	5,000,000.00
GEF Agency	Asian Development Bank	Grant	Investment mobilized	12,000,000.00
GEF Agency	Asian Development Bank	Grant	Investment mobilized	3,000,000.00
GEF Agency	Asian Development Bank	Grant	Investment mobilized	13,700,000.00
Donor Agency	Nordic Development Fund	Grant	Investment mobilized	10,000,000.00
Private Sector	Bloomberg Philanthropies	Grant	Investment mobilized	10,000,000.00
Total Project Cost(\$)				53,700,000.00

Describe how any "Investment Mobilized" was identified

The investment was mobilized through consultation in-country, working closely with in-country counterparts through ADB's Country Partnership Strategy processes and formulation of Regional / Country Operational Business Plans (R/COBPs) It should be noted that co-financing identified in the table above is provisional and subject to continued consultations with donors and other co-financiers (including Governments) to secure official confirmations.

D. Indicative Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount(\$)	Fee(\$)	Total(\$)
ADB	LDCF	Regional	Climate Change	NA	8,990,830	809,170	9,800,000.00
Total GEF Resources(\$)					8,990,830.00	809,170.00	9,800,000.00

E. Project Preparation Grant (PPG)
PPG Required **true**

PPG Amount (\$)				PPG Agency Fee (\$)			
183,500				16,500			
Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount(\$)	Fee(\$)	Total(\$)
ADB	LDCF	Regional	Climate Change	NA	183,500	16,500	200,000.00
Total Project Costs(\$)					183,500.00	16,500.00	200,000.00

Meta Information - LDCF

LDCF true	SCCF-B (Window B) on technology transfer false	SCCF-A (Window-A) on climate Change adaptation false
------------------	--	--

Is this project LDCF SCCF challenge program?
false

This Project involves at least one small island developing State(SIDS).
true

This Project involves at least one fragile and conflict affected state.

true

This Project will provide direct adaptation benefits to the private sector.

true

This Project is explicitly related to the formulation and/or implementation of national adaptation plans (NAPs).

false

This Project has an urban focus.

false

This Project covers the following sector(s)[the total should be 100%]:*

Agriculture	0.00%
Natural resources management	15.00%
Climate information Services	5.00%
Costal zone management	40.00%
Water resources Management	10.00%
Disaster risk Management	10.00%
Other infrastructure	0.00%
Health	0.00%
Other (Please specify:)	20.00%
Total	100%

This Project targets the following Climate change Exacerbated/introduced challenges:*

Sea level rise	Change in mean temperature	Increased Climatic Variability	Natural hazards
true	true		true

	Land degradation	Costal and/or Coral reef degradation	GroundWater quality/quantity
	false	true	false

Core Indicators - LDCF

CORE INDICATOR 1	Total	Male	Female	% for Women
Total number of direct beneficiaries	382,107	191,053	191,054	50.00%
CORE INDICATOR 2				
Area of land managed for climate resilience (ha)	50,700.00			
CORE INDICATOR 3				
Total no. of policies/plans that will mainstream climate resilience3				
CORE INDICATOR 4		Male	Female	% for Women
Total number of people trained	150	75	75	50.00%

Part II. Project Justification

1a. Project Description

Context: The Pacific Ocean and the Participating Countries

The Pacific Island nations addressed by this project have a combined population of almost 11.5 million spread across a unique and diverse region made up of thousands of islands and scattered over a huge area. The combined Economic Exclusive Zones (EEZ) of the participating countries is over 20 million km² – over 5% of the earth (see Table 1).

Table 1. Exclusive Economic Zones of Participating Countries

Country	Coastal Population [1]	Coastline (km) [2]	Total Land area (k m ²)	EEZ area (‘000 km ²) [3]
Cook Islands	14,974	120	237	1,830
Federated States o f Micronesia (FSM)	102,843	1,295	701	2,980
Fiji	837,271	4,638	18,333	1,290
Kiribati	109,693	1,961	811	3,550
Nauru	9,945	30	21	320
Niue	1,460	64	259	390
Palau	17,661	1,519	444	629
Papua New Guinea (PNG)	5,190,786	20,197	462,840	3,120
Republic of the Mar shall Islands (RMI)	53,158	181	181	2,300
Samoa	187,820	463	2,934	120
Solomon Islands	515,870	9,880	28,230	1,400
Tonga	100,691	909	749	700
Tuvalu	10,640	24	26	900
Vanuatu	234,023	3,132	12,281	680
Timor Leste [4]	600,000	706	14,874	70
TOTALS	7,986,835	45,119	542,921	20,279

With the exception of PNG and Fiji, the entire economies of all nations are dominated by access to coastal and marine resources, and the entire population is located on or in close proximity to the coastal zone. The population and economies across the region share many characteristics. In general, the populations and land areas are small, and the economies are remote, isolated with a narrow resource and export base, and a high exposure to external shocks. Seven of the nations are classified by ADB as fragile and conflicted affected states (FCAS)[\[5\]](#), although they all experience some degree of fragility. This fragility stems

from a combination of heightened exposure to risk and insufficient coping capacity to manage, absorb, or mitigate risks. The fragility is exacerbated by geographical constraints, the small human resource pools, and weak institutions. All 14 Pacific nations and Timor Leste are considered to be Small Island Developing States (SIDS) by the UN.^[6] Some of these nations prefer the term Big Ocean States instead of SIDS, but for consistency this document will use the term SIDS.

Notwithstanding, the nations are diverse, with notably PNG and Fiji having a large land mass, a relatively large population and more diverse economies. Generally, the states differ in terms of cultural identities, population, economy size, economic drivers (e.g. fisheries, tourism, public investment), geography (high islands, atolls, single island or multi-island states), level of development assistance, and reliance on remittances. Marine and coastal resources play a key role in economic development and socio-cultural activities in each country, with notably fisheries and/or tourism being drivers of the economy in all coastal states.

COVID-19 has had a profound impact across the region. For the island states, their remoteness meant they could remain mostly COVID-19-free until recently – although that is now changing with many islands now experiencing their first outbreaks. However, the complete drop in exchanges and contact with other countries meant the nations could not stave off many of the pandemic's economic impacts. For their part, Fiji and PNG both experienced early pandemic outbreaks that greatly stretched their limited health services and had severe economic impacts. The smaller countries closed their borders early in the pandemic and so have experienced an extended period of lowered revenue.

Climate Change Impacts on the Pacific Ocean

The recent Intergovernmental Panel on Climate Change (IPCC) report on climate change impacts and vulnerability includes a summary assessment of the impacts of climate change on small island states^[7]. With regards to SIDS, the report projects that climate and ocean-related changes will significantly affect marine and terrestrial ecosystems and ecosystem services, which will in turn have cascading impacts across both natural and human systems. The key climate drivers will be sea level rise, changes in sea temperatures, acidification, wave climates and meteorological drought. Overall, the report projects that the continuing degradation and transformation of terrestrial and marine ecosystems of small islands will amplify the vulnerability of island peoples to the impacts of climate change. Overall habitability of islands and coastal areas of small islands is expected to decrease.

The general trend of climate change in the region in terms of sea level rise, acidification, changing wave climates, extreme rainfall, potential dry periods and typhoon patterns has been clear for some time. Recent work by SPREP and CSIRO, in coordination with the work of the IPCC Working Groups, has collected all latest data and prepared updated model-based projections for the key climate hazards of the 14 Pacific Island countries, together with country summaries, country/sector specific case studies, non-technical guidance materials and communication products to facilitate sectoral applications. This represents the latest and state of the art knowledge of climate change, projections, impacts and vulnerability for the region^[8].

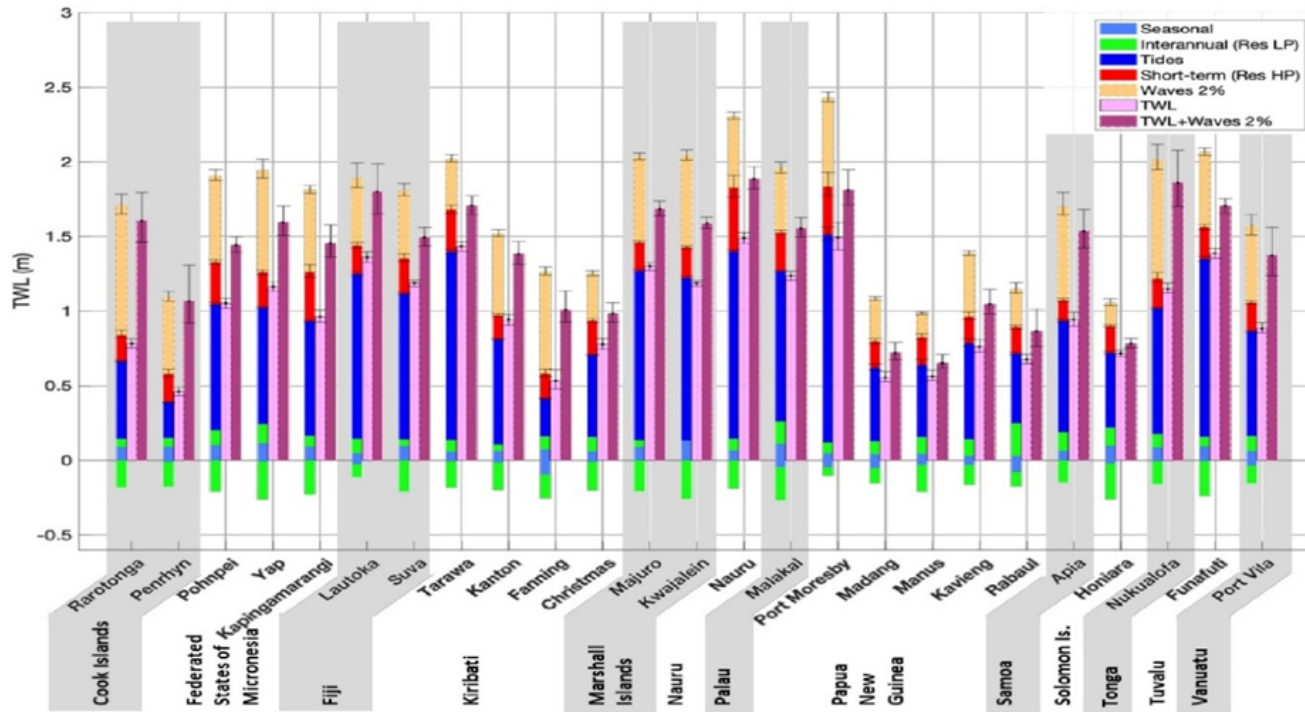
The key messages are summarized as follows:

- Temperatures have increased, sea level has risen, and cyclones have become less frequent but more intense.
- Observed rainfall trends are not significant due to large natural variability driven by the El Niño Southern Oscillation.
- Further warming is projected, reaching around 0.7°C by 2030, relative to 1986-2005, regardless of the greenhouse gas emission scenario. By 2050, the warming is around 0.8°C for a low emission scenario (RCP2.6) and around 1.5°C for a high emission scenario (RCP8.5). By 2070, it's around 0.8°C (RCP2.6) to 2.2°C (RCP8.5).
- There is great uncertainty regarding future rainfall changes. The central estimate of projected changes is close to zero in countries south of latitude 10°S, with increases between latitudes 10°S and 10°N.
- Sea level will continue to rise. By 2030, the increase is about 0.09 to 0.18 meters, relative to 1986-2005, regardless of the greenhouse gas emission scenario. By 2050, the increase is around 0.17-0.30 meters for a low emission scenario (RCP2.6) and around 0.20 to 0.36 meters for a high emission scenario (RCP8.5). By 2070, it's around 0.24 to 0.43 meters for RCP2.6 and 0.33 to 0.63 meters (RCP8.5). And, a global mean sea-level rise of 1m by 2070 cannot be ruled out.
- Heavy rainfall intensity will increase.
- Fewer tropical cyclones are projected, but their average intensity could change by -5 to +10% for a 2°C global warming.
- The projected increase in average cyclone intensity, combined with sea level rise and increased heavy rainfall intensity would increase cyclone impacts.

The impacts of sea level will vary significantly from site to site, as illustrated in Figure 1[9].

Figure 1. Sea Level Impacts to Pacific Island Countries

Sea-level analysis



Climate Change Impacts on Pacific Ocean Economies and Communities and vulnerabilities

- Although potentially less frequent, tropical cyclone intensity may increase by up to 10% (under 2°C warming) – and this combined with sea level rise and heavier rainfall events will lead to increased cyclone impacts;
- The average annual number of moderate marine heatwaves may increase from 10-50 days during 1995-2014 to over 200 days by 2050 for high emissions (RCP8.5);
- Coral reefs are projected to decline 70% to 90% at 1.5°C global warming and 99% at 2°C due to marine heatwaves. This will leave coastlines defenseless, with severe impacts on terrestrial ecosystems, coastal tourism, fisheries and other livelihoods based on marine ecosystems;
- Changes to the frequency of extreme El Niño and La Niña events may increase the frequency of droughts and floods, with implications for water and food security;
- The frequency and intensity of extremely hot days will increase, leading to more heat stress.

For societies and economies that are entirely dependent on fisheries and natural resources for food systems, and many reliant on a combination of fisheries and tourism for economic development, the implications are potentially catastrophic. Across the region, climate change is set to significantly impact water resources, health, agriculture, fisheries, biodiversity, infrastructure, tourism and other sectors.

However, for the Office of the Pacific Ocean Commissioner (OPOC)^[10], climate change presents an unrivalled threat to the region, noting “the cumulative impacts of climate change pose the greatest threat to the region and the Pacific Ocean”.

Ocean Resources as a Source of Resilience

On the other hand, if well managed and conserved, marine and coastal resources can provide a strong basis for resilience to communities and economies. Globally, the ocean, if treated like a country, is the seventh-largest economy in the world with an estimated value of \$2.5 trillion. The modern global economy could not exist without the ocean. Around 90% of all internationally traded goods travel by ship. The ocean food sector alone provides up to 237 million jobs, including in fishing, mariculture and processing. Millions of people also work in other ocean sectors, including shipping, ports, energy and tourism—and many more are indirectly connected to the ocean economy.

The ocean provides billions of people with nutritious food, with a much smaller environmental footprint than land-based food production. More than 3 billion people rely on food from the sea as a source of protein and key nutrients, including omega-3 fatty acids and iodine. Coastal habitats, such as mangroves, provide protection for hundreds of millions of people, nurture biodiversity, detoxify pollutants flowing off the land, and provide nursery areas for fisheries, increasing the supply of food and providing livelihoods. They are also a source of revenue. Coral reefs alone contribute \$11.5 billion a year to global tourism, benefitting more than 100 countries and providing food and livelihoods to local people.^[11]

In the Asia and the Pacific region, coastal areas play a critical role in the economic development of countries, housing billions of people, large urban metropolis, booming tourism sectors, hubs of international maritime trade and rich coastal and marine ecosystems. For example, the coastal zones of Bangladesh, India, Maldives, Pakistan, and Sri Lanka contain about 40% of the economic activities of South Asia region. Fishing is a key economic sector for coastal countries. For instance, Asia is home to six of the ten largest global fisheries and approximately 90% of the world’s aquaculture. Over 45% of government revenue for six Pacific Island Countries - FSM, Kiribati, RMI, Nauru, Tokelau, and Tuvalu - comes from tuna fisheries alone. Tourism is also a key economic sector for small island developing states and provides livelihoods to millions of coastal populations.

A large number of people, especially poor and vulnerable communities, depend directly on healthy coastal and marine ecosystems, such as mangrove forests, coral reefs, tidal flats and wetlands, for jobs and livelihoods, food, recreation, and protection against coastal hazards. Although specific data and economic indicators for the Pacific island nations is incomplete, it is known that the ocean provides the basis for livelihoods, resilience and economic development.

The Ocean Resources are Degrading

Globally, oceans are under threat as follows. In addition to the climate change threat listed above:

- Plastic, other land-based pollutants and discharge from ships contaminate the ocean. For example, millions of metric tons of plastic are dumped into the ocean every year, entangling, sickening and contaminating at least 700 species of marine life;
- Overfishing is depleting fish stocks and harming wildlife. If overfishing continues, annual yield is projected to fall by over 16% by 2050, threatening global food security;
- Habitats are being destroyed, biodiversity is declining and the distribution of species is changing—all of which reduce the benefits that ocean ecosystems provide. Coastal habitats are disappearing at an alarming rate.

For the Pacific, although comprehensive data from the region is limited, there is sufficient to indicate strongly that the Pacific Ocean resources are also facing existential threats. For example, in the seafood sector, the catch-potential and productivity of the sector is facing major impacts due to observed and projected declines in marine biomass, changing species lifecycles and species distribution, and disruptions the marine food chain, bringing a ripple effect to the economy, employment, and consumption pattern of many countries that use fish as a primary source of dietary protein. Shellfish species (mussels, oysters, clams) are at especially high risk from acidification. For the economically vital tuna fishery, climate change is forecasted to drastically change migration patterns, with ripple effects for ecosystems, and potentially devastating impacts for Pacific economies that rely heavily on foreign fishing license fees for general revenue.^[12] For aquaculture, the sector is highly vulnerable to climate change but can be a source of solutions for climate adaptation.^[13]

Another example is in the circular economy sector. Working towards plastic-free oceans by promoting circular economy approaches is both good for pollution reduction but also for climate mitigation and adaptation. In contrast, designing-out waste by promoting circular economy approaches can enable communities to adapt to climate change and build resilient and sustainable economies.^[14]

The Solution: a resilient and sustainable blue Pacific economy

Climate change is negatively impacting ocean resources across the Pacific, and in return the overall degradation of ocean resources undermines the resilience to climate change of economies and livelihoods across the Pacific. This climate change – ocean nexus, already complex, is set within an even more complex context, with many other drivers of ocean degradation. OPOC has analyzed the drivers of ocean change, and finds they are diverse and rooted in economic and technological change, development modes demographic changes, and values.

The ocean's contribution to the world economy is often described as the “ocean economy”. The portion of the ocean economy which supports ocean health and resilience is termed the “sustainable blue economy” also commonly termed “blue economy”. Building on this, a *resilient*, sustainable blue economy is one which also ensures that ocean and coastal resources contribute to climate change resilience for communities, and in which the resources are managed in a way that protects them from the worst impacts of climate change. The United Nations Environment Programme (UNEP) further defined the sustainable blue economy as “*an economy based on circularity, collaboration, resilience, opportunity and inter-dependence. Its growth is driven by investments that reduce carbon emissions and pollution, enhance energy efficiency, harness the power of natural capital and the benefits that these ecosystems provide, and halt the loss of biodiversity.*”[\[15\]](#)

Achieving a resilient, sustainable blue economy requires systematic and comprehensive investments in the following over the medium and long-term.[\[16\]](#)

- A. Ecosystem and Natural Resource Management
 - 1. Ecosystem Management and Restoration
 - 2. Sustainable Fisheries Management
 - 3. Sustainable Aquaculture
- B. Pollution Control
 - 1. Solid Waste Management
 - 2. Resource Efficiency and Circular Economy
 - 3. Non-point Source Pollution Management
 - 4. Wastewater Management
- C. Sustainable Coastal and Marine Development
 - 1. Coastal Resilience
 - 2. Coastal and Marine Tourism
 - 3. Ports and Shipping

4. Marine Renewable Energy

The Barriers to Sustainable Pacific Ocean Recovery

While the science is clear, the urgency of the existential threats to communities and ecosystems well understood, and the policies to promote resilient, sustainable blue economies are largely known, there is a considerable gap to 1) translate policies and plans to fundable project proposals, and 2) match projects to available capital. This will each be explored in turn.

There is a proliferation of policies and plans in the Pacific for sustainable development and conservation. Most of these documents, however, fall short of providing prioritized, costed, and fully designed projects that are ready to be funded. Connections need to be strengthened between planning and implementation, so that the aims and ideals of the planning frameworks can be actualized into project proposals with business cases, key performance indicators, and solid governance arrangements. There is also a need to integrate ocean-based climate adaptation solutions across the siloed plans, because oceans touch on most sector-based plans, so that ocean-climate solutions will be more prominently considered.

Even after projects are prepared into fundable proposals, there is a gap in matching projects to available capital. In some cases, this is because the priority projects that need to be implemented, for example marine spatial planning that integrates climate adaptation, require grant funding whereas most of the capital available in the region is debt capital. For some subsectors of the blue economy, there are limited financial returns possible and grant funding for implementation will be required. For other subsectors, they may eventually become bankable – for example in the case of blue carbon – but grant funding is required to pilot solutions and develop markets. Adding on top of this situation, the COVID-19 pandemic has exacerbated the sovereign debt burdens of Pacific countries, meaning many are not willing to take on new debts at this time, while urgent ocean-climate projects remain unfunded. Increased investments are required from both the public and private sectors, but barriers remain.

Barriers to increased public sector investment in the resilient, sustainable blue economy. A major barrier to restoring and maintaining ocean health is increasing the access and volume of capital to fund and sustain projects, which most stakeholders agree is a fraction of the needs of the sector'[17]. For the public sector this barrier can be further broken down to include:

- Insufficient data and information on the costs and benefits of investments
- Limited ability to forge partnerships and develop projects, especially with private sector (which, in itself, is not reaching full potential in many economies)
- Insufficient capacity to consult and design high impact projects
- Low government revenue and high demands on public finance
- Lack of mechanisms to convert long-term society and environmental benefits into short-and medium term financial benefits

Barriers to increased private sector investment in the resilient, sustainable blue economy^[18]:

- Inadequate incentives and an enabling environment
- Lack of information on national initiatives and interaction by government with the private sector such as country programmes, pipeline projects, planning and implementation
- Limited understanding by the private sector of their role and how to maximise this role to access climate change resources
- Burdensome requirements and fiduciary standards applied by funding agencies
- Limited understanding by the private sector on the available funding sources and how to access
- Limited capacity and ability to prepare bankable projects that contribute to mitigating the impacts of climate change and building resilience to business operations

These barriers are exacerbated by limited capacity in the Pacific region on ocean-climate finance, and capacity needs to be strengthened within Pacific island public and private sectors, especially for Least Developed Countries (LDCs).

2) The baseline scenario and any associated baseline projects

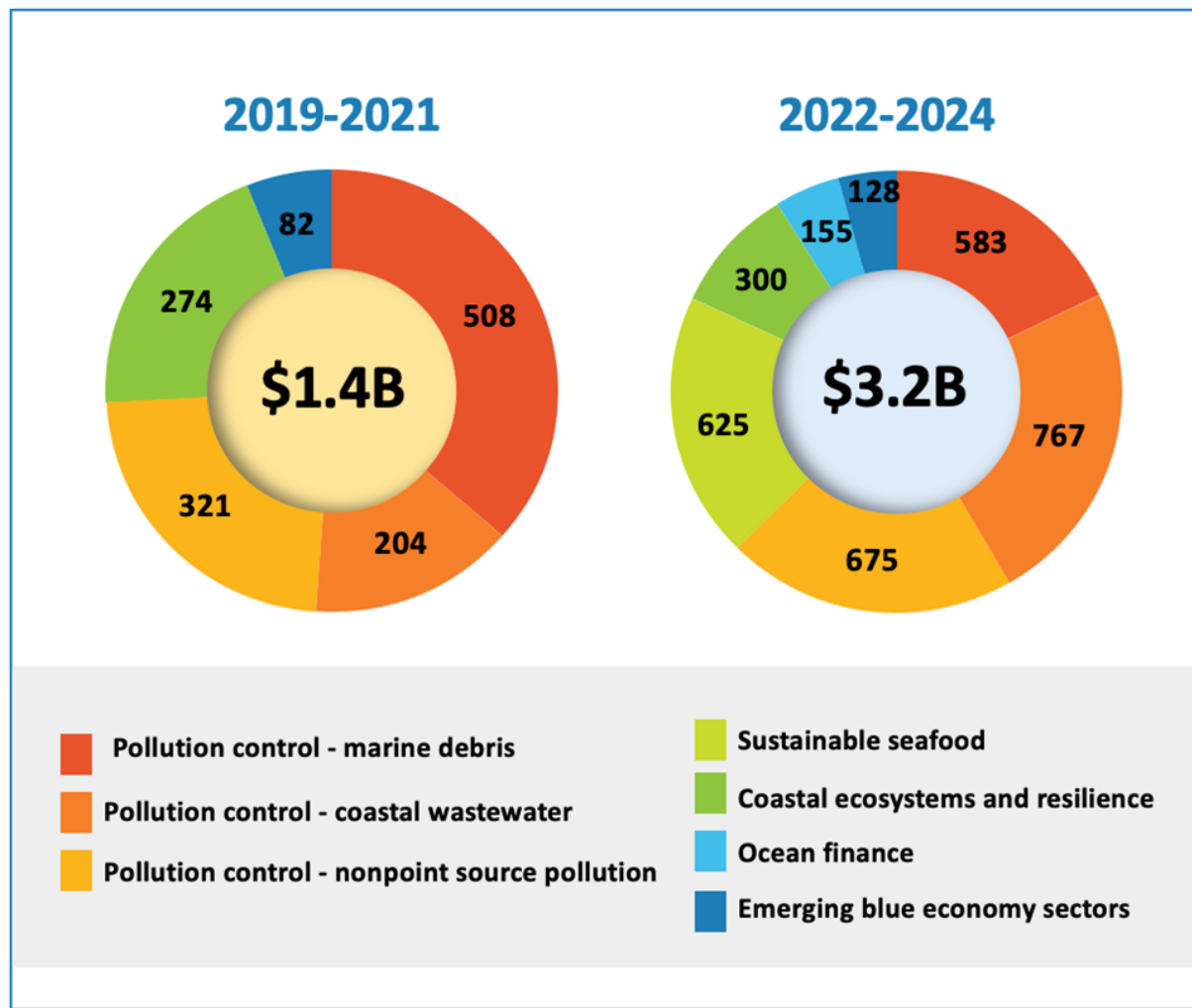
The baseline is considered in terms of investments, ocean degradation and adaptive capacity of communities and economies. The baseline does not include the many related projects planned and supported by ADB and other partners – these are described below as part of ‘alternative scenario’.

Investments

As the region pulls out of the impacts of the pandemic, it is expected to pick up on development pathways similar to those experienced prior to the pandemic. For example, for the island states (excluding Fiji and PNG), median economic growth rose from 2.1% during 2010–2014 to 3.3% during 2015–2019. For this latter period, growth accelerated in seven of the states — the Cook Islands, FSM, Kiribati, Niue, Tonga, Tuvalu, and Vanuatu, however it decelerated in five of the economies, reflecting uncertainties in key economic drivers, including reduced public spending in the RMI and Nauru, diminished tourism in Palau, closure of the largest private employer in Samoa, and reduced log exports in Solomon Islands. With slowly increasing revenue, and with support from development partners, governments across the region are investing increasingly in the resilient, blue economy – although the amounts remain too small.

From 2019-2021, for entire Asia and Pacific region, ADB's ocean projects totalled \$1.4billion and were predominately in the Pollution Control category (see Figure 2 below). Pipeline projects from 2022-2024 are estimated to be \$3.2b and the categories are more diverse, but there is considerable work left to do. Baseline projects are eligible to be considered "blue" under the ADB Ocean Finance Framework, however, the majority only have co-benefits for ocean health and climate adaptation and were not expressly designed for those purposes. There are fewer ocean-positive projects that have been created with the intention to improve ocean health and climate adaptation.

Figure 2. ADB's Ocean Portfolio and Pipeline



The ADB 2022-2024 ocean pipeline for the Pacific region is included in the Table 2 below, including the portion of the funding that is also eligible as climate adaptation and mitigation finance.

Table 2. ADB’s Ocean Pipeline for the Pacific region (2022-2024)

Year	DMC	Project Name	Total (\$million)	Ocean Finance	Climate Adaptation	Climate Mitigation
2023	TUV	Funafuti Water and Sanitation Project	4	1	0.8	0
2023	TUV	Increasing Access to Renewable Energy, Phase 2	5	5	0	2
2022	RMI	Majuro Integrated Urban Services Improvement Project**	52.5	24.6	11.25	0
2022	VAN	Luganville Urban Water and Sanitation Project	29	4	3	0
2023	COO	Wastewater and Sanitation Project	20	20	2	0
2023	FSM	Chuuk Water Supply and Sanitation Project (additional financing)	5	2	0.5	0
2023	PNG	Urban Water Supply and Sanitation Project	30.9	20.6	2.67	0
2024	FIJ	Urban Water Supply and Wastewater Management Program, Tranche 2	111.1	111.1	22.22	0
2024	NAU	Nauru Sustainable Urban Development Project	20	6	5	0
202		Koror-Airai Sanitation Project (Phase				

4	PAL	2)	25.7	15.7	2.57	0
2024	PNG	Urban Water Supply and Sanitation Project - additional financing	42	28	8.4	0
2024	VAN	Luganville Urban Water Supply and Sanitation Project, Phase 2	14	5	4	0
2024	VAN	Greater Port Vila Urban Resilience Project - additional financing	10	5	5	0
		TOTAL	369.2	248	67.41	2

In the baseline, private sector investment is also growing. However, across the region, private sector is largely *light blue* or *grey*, with the majority of investments related to marine and coastal resources not fully accounting for sustainability issues and not fully able to support resilience and adaptation.

Ocean Degradation

Despite the efforts of the public sector and international waters, in the baseline, the ongoing degradation of ocean resources is set to continue. This will be notably be apparent in terms of: declining ecosystems – notably mangroves and coral, declining fish stocks, increased pollution and plastics. These impacts will lead to increased negative impacts on food security, tourism, livelihoods and economic development. This will continue to undermine ocean resilience.

Decreasing climate resilience

In the baseline, climate change will continue to have a negative impact on marine and coastal ecosystems, as outlined in the above sections. Further, coastal communities and economic activities will be increasingly negatively impacted by climate change. In the region, the following are notably pertinent:

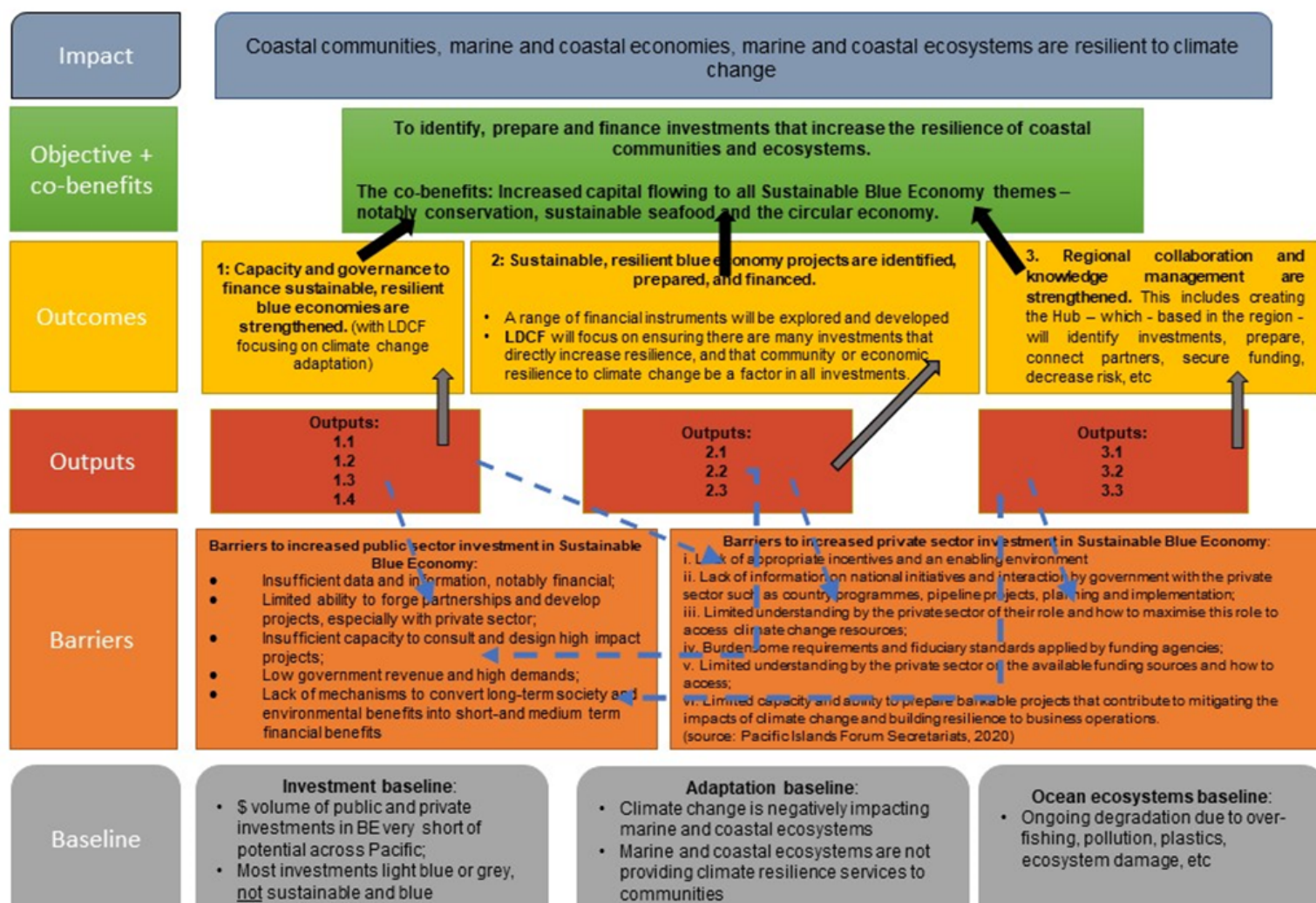
- Coastal and marine ecosystems and the economies and livelihoods they support are highly vulnerable to climate change;
- Poor and vulnerable populations bear the brunt of climate impacts. Poor and vulnerable populations are more likely to live in hazard exposed areas along the coast and typically have limited access to resources to strengthen resilience of their assets and livelihoods. Frequent flooding means disruption and possible loss of livelihoods, loss of assets, contamination of drinking water, and spread of disease among the poor population. Women are particularly vulnerable to climate impacts;

- Women typically face disproportionate impacts from climate hazards since many are engaged in the informal economy with no job security, and are not covered by existing social protection schemes. For example, in many Pacific islands, while women play a key role in food security through subsistence agriculture produce grown in home gardens, they are typically less active in the formal labor market and thus highly susceptible to hikes in food prices. Further, pre-existing gender inequalities add in shaping their overall vulnerability to climate risk;
- For atoll nations climate change is an immediate threat. While all small island developing states are vulnerable to climate risks, the atoll nations - Kiribati, RMI, and Tuvalu - are in a class of their own, characterized by thin land mass and low average elevations of between 2 to 3 meters above sea level only; and
- Delayed action will result in higher costs and reduced opportunity. With massive investments in coastal areas in Asia and the Pacific region, the stock of low-resilience assets is growing rapidly, increasing future costs of natural hazards and climate change. Investments being made today risk locking in vulnerability to climate impacts for decades to come if they fail to consider resilience.

3) the proposed alternative scenario with a brief description of expected outcomes and components of the project

The alternative scenario uses the uptake in economic activity post-Covid, as well as the large public and private sector interest in investing in Pacific economies, *as a unique opportunity for shifting the pacific marine and coastal communities and economies onto a resilient, sustainable pathway*. LDCF funds will act to create a lever that aims to shift economic development onto a climate change adapted pathway that also increases the resilience of the economies and communities across the region. The theory of change is illustrated in Figure 3.

Figure 3. Theory of Change



Impact. The ultimate impact of the proposed LDCF supported alternative intervention is that *coastal communities, marine and coastal economies, marine and coastal ecosystems are more resilient to climate change*. This is the LDCF applicable impact.

LDCF Objective. The LDCF objective is to *significantly increase the levels of capital flowing to well-designed investments and projects that increase the resilience of marine and coastal ecosystem and of coastal communities across the Pacific, with primary focus on LDCs (with GEF funds)*. With support from LDCF and partners, in the alternative scenario, the conditions and mechanisms will be created to ensure that there is increased public and private sector investment into the blue economy across the LDCs specifically, and Pacific SIDS in general, and to ensuring that these investments provide optimal support to (i) improving the resilience of marine and coastal ecosystems to climate change and (ii) increasing the resilience and adaptive capacity of communities and economies to climate change.

Co-benefits. In addition to delivering the main LDCF Objective (see above), the alternative scenario will generate considerable co-benefits^[19], of which the most significant is *Increased capital flowing to all Sustainable Blue Economy themes for LDCs – notably conservation and protection of ecosystems, sustainable seafood and the circular economy*. The investment conditions and mechanisms created through the project will also ensure that investments in the region are sustainable, by focussing notably on conservation, sustainable tourism, sustainable food chains and the circular economy.

Strategy. The principal strategy is to design and establish the Blue Pacific Finance Hub (the ‘Hub’), and to develop the enabling context in each country for the Hub to channel a large volume of suitable investments at the country level. The Hub will be the ‘lever’, this will leverage increases in public and private sector investments towards sustainable, resilient investments across the region. The LDCF resources will prioritize the 4 LDCs, be enabling and catalytic, with a view to attracting additional resources for the Hub (see Box 1.)

In order to establish this Hub, ADB is currently consulting governments and stakeholders, has established contact with many potential financing partners and is already working closely with four potential financing partners (in addition to GEF). ADB is creating a structure that will allow each donor to prioritize funding for specific sub-geographies and themes. **Funding from the GEF LDCF will be managed to ensure that the LDC countries and climate adaptation projects are prioritized and funded, as well as meeting other LDCF criteria.** For example, it will be used to finance climate change adaptation projects through the hub, and to ensure that all project supported by the hub contribute optimally to climate change resilience.

In addition to GEF, the other donors have indicated strong interest in providing grants and technical assistance to establishing the Blue Pacific Finance Hub. For example, Donor #1 has indicated interest in supporting marine protected area planning and implementation (which is incorporated under the Sustainable Seafood investment area as it relates to managing fishery ecosystems and resources), the circular economy, and ocean-climate action – including mitigation – across all Pacific Islands. Donor #2 has indicated interest in the circular economy, and Donor #3 has indicated interest in sustainable seafood and circular economy. Donor #4 has indicated interest in sustainable seafood including fisheries enforcement technologies, stopping illegal and underreported fishing, and seafood supply chain traceability.

Box 1. The Blue Pacific Finance Hub

A key output under this project is the development of the Blue Pacific Finance Hub to scale-up Pacific blue economies.

Establishing this Hub is based on the knowledge that (i) funding is available for Sustainable Blue Economy (SBE) projects, but the barriers stop it reaching the projects (ii) if good investment channels are available, further and additional funding will become available.

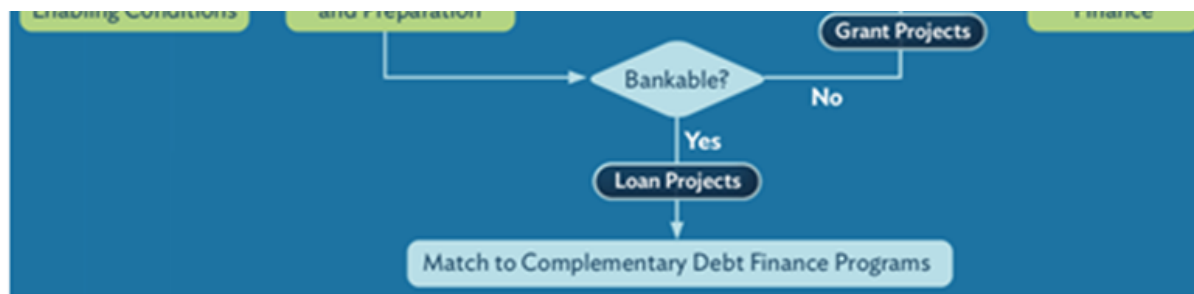
The Hub aims to raise \$50m in grant finance to leverage \$500m in ocean investments by strengthening enabling environments, identifying and preparing projects, and implementing blue economy projects (see Annex D for the Blue Pacific Finance Hub Brochure and Frequently Asked Questions). Operationally, this Hub will:

1. build enabling capacity in countries to receive and optimally use investments into the Blue economy (with LDCF resources prioritizing the 4 LDC countries)
2. create a streamlined structure for ensuring projects meet all the criteria and principles of the resilient, blue economy
3. provide a platform for donor coordination and building donor synergies
4. develop and design investments
5. match demanded investments with investors
6. provide grant funding to appropriate investments
7. lever loans - and potentially private sector funds - to projects. Note: although the Hub will facilitate loans, no loans will pass through the Hub.

The indicative structure of the hub is in Figure 4 below. Multiple donors will fund the Hub. For bilateral donors, the funding may come through bilateral trust funds with portions earmarked for the Hub. All funding that is earmarked for the Hub – including GEF's contribution - will be centrally managed through a Hub Management Team. The Hub Management Team will report to a governing body. The details of the governance and management structure for the Hub are to be determined during project preparation.

Figure 4. Indicative Structure of the Blue Pacific Finance Hub





Substantively, the Hub will channel investments into three thematic priority areas: Ocean-Climate Action, Sustainable Seafood, and Circular Economy. For each thematic priority, the Hub will fund the strengthening of blue economy enabling conditions, project origination and preparation, and project implementation. GEF/LDCF funds will prioritise actions leading to climate resilience – mostly within the Ocean-Climate theme.

For illustrative purposes only, examples of Hub funding for each of these categories is described in Table 3.

Table 3. Illustrative Examples of Hub Investments

Pillar	Enabling Conditions	Project Origination and Preparation	Project Implementation
Modality	<p>Grants for ADB Pacific DMCs and regional projects</p> <p>Technical assistance to ADB Pacific DMCs and regional projects</p>	<p>Grants for ADB Pacific DMCs and regional projects</p> <p>Technical assistance to ADB Pacific DMCs and regional projects</p> <p>Grants for non-sovereign projects in ADB Pacific DMCs or regional projects</p>	<p>Grants for ADB Pacific DMCs and regional projects – for projects that are not eligible or appropriate for loan finance</p>

Theme			
Ocean-Climate Action	<p>Example 1: Grant to LDC Country A to strengthen Nature-Based Solutions Policies</p> <p>Example 2: Technical assistance to regional project including Pacific LDCs to integrate oceans into NDC plans</p>	<p>Example 1: Project preparation grant to LDC Country A to develop mangrove resilience and restoration project</p> <p>Example 2: Project preparation grant to Company X to develop marine renewable energy project in Country B</p>	<p>Example 1: Grant to Country A to implement the mangrove resilience and restoration Project</p>
Sustainable Seafood	<p>Example 1: Grant to regional project including all Pacific DMCs to increase regional cooperation on sustainable seafood trade including reduction of carbon emissions</p> <p>Example 2: Grant to Country C to develop a Sustainable Ocean Plan for 100% EEZ management</p>	<p>Example 1: Project preparation grant to Country D to develop high tech solutions for fisheries enforcement</p> <p>Example 2: Project Preparation Grant to Company Y to develop seafood traceability technology project</p>	<p>Example 1: Grant to Country D to implement fisheries enforcement project</p>
Circular Economy	<p>Example 1: Grant to Country E to develop circular economy policies</p> <p>Example 2: Technical assistance to Countries F, G, H to strengthen government capacity to assess and implement circular economy projects</p>	<p>Example 1: Project preparation grant to Country F to develop an integrated solid waste management project</p> <p>Example 2: Develop business plan for circular economy</p>	<p>Example 1: Grant to Country F to implement the integrated solid waste management project</p>

		economy SMEs and develop investment documentation for identified investor	
--	--	---	--

Outcomes. This project will produce three key outcomes:

Outcome 1: Capacity and governance to finance sustainable, resilient blue economies are strengthened.

Outcome 2: Sustainable, resilient blue economy projects are identified, prepared, and financed.

Outcome 3: Regional collaboration and knowledge management are strengthened.

Outcome 1 will ensure the countries have the absorptive and management capacity to channel and guide public and private sector investments in resilient SBE. Outcome 2 will mobilize and secure a large number of appropriate public and private sector investments to the countries. Outcome 3 will ensure the necessary management, learning and coordination (including establishing the Hub).

Note the details of outputs and activities are to be developed and validated through the PPG activities and further consultation with partners and stakeholders, however the following sections describe the initially proposed activity plan.

OUTCOME 1: CAPACITY AND GOVERNANCE TO FINANCE SUSTAINABLE, RESILIENT BLUE ECONOMIES ARE STRENGTHENED.

In the Pacific Island nations, notably the LDCs, the project will strengthen the enabling environment for promoting and facilitating the flow of finance to resilient, sustainable blue investments. The specific outputs and activities will be tailored to each country, depending on the needs and the status. LDCF funds will focus specifically on the climate change resilience aspects, with a particular focus on the four LDC-eligible Pacific SIDS (Kiribati, Solomon Islands, Timor-Leste and Tuvalu).

Outputs and activities, to be determined through the PDF, are likely to include:

Output 1.1 Country-driven economic and financial analyses of ocean protection, ocean-climate solutions, and ocean-positive activities. Depending on the requests from the countries, activities may include:

- Cost benefit analyses of marine protected areas that integrate climate adaptation
- Financial feasibility of sustainable and climate-resilient blue economy subsectors or projects
- Finance options analysis for ocean-climate projects
- Economic macro analyses of sustainable, resilient blue economy policies

Output 1.2 Improved ocean governance systems including sustainable ocean planning and adaptation planning. Depending on needs in the country, activities may include:

1. Support national level sustainable ocean planning in coordination with the Ocean Action 2030 coalition under the High Level Panel for a Sustainable Ocean Economy;
2. Support upstream planning for promoting adaptation in support of ocean health and resilient blue economy. This may include (i) analytical work such as climate or multi-hazard assessment that includes coastal systems and blue economy sectors (with geographic and sector scope depending on needs); (ii) policy dialogues to communicate the findings of analytical work and especially to influence the uptake of strategic approaches;
3. Support the incorporation of ocean-based solutions into Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs), and to prepare climate adaptation pathways and strategies that fully consider blue economy sectors (e.g., fisheries, aquaculture), ocean impacts and ocean-based solutions; and/or
4. Support for island and coastal planning and natural resources management, with climate resilience a key objective.

Output 1.3 Mechanisms to increase public and private capital for ocean-climate action in the Pacific, including through domestic resource mobilization and innovative instruments (selected countries). Some of the following are country specific, in which case the activities will be adapted to the needs in the country, and activities may include:

- Research, development, training and knowledge sharing on emerging ocean finance instruments
- Assess and support access to ocean-climate adaptation financing mechanisms, e.g. Green Climate Fund (GCF), Adaptation Fund (AF), appropriate for the sustainable blue economy
- Support countries to increase domestic resource mobilization and public budgets for sustainable blue economies

Output 1.4 Capacity building for young professionals in Pacific countries on ocean finance and the blue economy.

GEF LDCF funds would be used for sponsorship of candidates (number to be confirmed) from LDCs (Kiribati, Timor-Leste, Tuvalu, Solomon Islands) for an annual Pacific Ocean Finance Fellowship. This should take place in the region, potentially at the University of the South Pacific. {Note: Using funds from other co-financiers, this program will be offered to representatives from another Atoll nation, RMI}.

OUTCOME 2: SUSTAINABLE, RESILIENT BLUE ECONOMY PROJECTS ARE IDENTIFIED, PREPARED, AND FINANCED.

Pacific DMCs, through support and technical assistance from the Hub, will translate policies and plans into discrete, actionable project opportunities, prepare projects (project design, consultations, governance, budgeting, finance options), and then match projects to the most appropriate finance. For projects that are designed to create a financial return, these projects will be matched to complimentary debt finance programs. For projects that by their nature, or due to country circumstances are not appropriate for debt finance, they will be considered for implementation grants through the Hub.

The Hub will support a broad range of investments across the three themes described above. The GEF LDCF funding through the Hub will strongly prioritize support to adaptation, including nature-based approaches. An analysis of regional and national-level sustainable development, climate adaptation and ocean plans, sector strategies, and other policies will be used to identify priority, transformative projects. The following types of projects to be supported by LDCF are provided for illustrative purposes:

1. Enhancing coral resilience, for example by preparing/implementing management plans that address pollution and harmful boating or fishing practices
2. Support to woman-based SMEs to transition towards climate-resilient seaweed aquaculture.
3. Piloting mangrove restoration methods as a means to increase coastal resilience (note this may also be combined with the development of voluntary blue carbon mechanisms)
4. Tuna fishery adaptation to climate change, including regional cooperation initiatives on tuna fishery adaptation policies and interventions
5. Building climate-resilient aquaculture systems
6. Supporting domestic markets for sustainable seafood to increase food security (whilst also reducing the carbon miles of food)
7. Circular economy projects, that generate local jobs, to develop low-tech plastic-alternative technologies that are viable in SIDS environments
8. Establishment of marine protected area networks or marine spatial plans to enhance ecosystem resilience
9. Integrated hard-soft or nature-based coastal protection infrastructure
10. Sustainable coastal agriculture that reduces impacts on the marine environment and diversifies/strengthens local food security in response to changing coastal fishery resources

11. Climate-resilient pollution control infrastructure (solid waste management and wastewater treatment)
12. Coastal and marine-based livelihood development and MSME programs to enhance community resilience
13. Investing in ocean and climate data, science and technologies to enhance capacity for monitoring climate impacts and prioritizing adaptation actions
14. The development of rapid response protocols and teams for rapid response to coral reef rehabilitation after climate-change induced storm damage

Output 2.1 National and regional pipelines of ocean-climate adaptation investments are prioritised.

Sifting through national and regional plans and policies to identify discrete blue economy subsectors and actionable projects, such as the example projects listed above, and then mapping of high potential and transformative ocean-climate adaptation to create national and regional pipelines for further development.

Output 2.2 Sustainable, resilient blue economy projects are prepared for finance. Project preparation grants and technical assistance will be provided from the Hub to:

- Develop strong project concepts for sustainable, resilient blue economy grant projects
- Develop strong project concepts for sustainable, resilient blue economy loan projects

Output 2.3 Sustainable, resilient blue economy projects are implemented.

- Technical assistance is provided to match debt (loan) projects to complimentary schemes for consideration for funding (non-GEF).[\[20\]](#)
- Grant projects are funded directly through the Hub.

In order to ensure that all investments facilitated by the Hub are appropriately resilient and blue, all will be screened using the ADB Ocean Finance Framework (2020) and the Sustainable Blue Economy Finance Principles – Guidance Criteria (2021, 2022).

OUTCOME 3. REGIONAL COLLABORATION AND KNOWLEDGE MANAGEMENT ARE STRENGTHENED

Under this outcome, lessons will be captured and strategically disseminated across the Pacific, across Asia and internationally as appropriate.

Output 3.1 Establishment of the Blue Pacific Finance Hub to facilitate collaboration on ocean-climate action and resilient blue economy development.

Outcome 3.2 Regional knowledge-sharing and learning strategy developed and implemented.

Output 3.3 Research and Education Division of the CAN-CC established. Although details are to be finalized, this division of the CAN-CC Secretariat will (i) collect, analyze, and distribute academic research relevant to atoll nations to CAN-CC members, including on ocean and blue economy climate adaptation; (ii) Encourage and facilitate new academic research relevant to atoll nations; (iii) Encourage and coordinate implementation of article 12 of the Paris Agreement, recognizes the importance of climate change education, training, public awareness, public participation and public access to information, and asks Parties to cooperate in taking appropriate measures; and (iv) Establish communication mechanisms and convene knowledge events (e.g., science and policy dialogues) sharing of best practices, lessons learned, and other relevant experiences among CAN-CC members.

Notably, under this Outcome, any lessons relevant to all LDC SIDS will be captured and drawn, for example including lessons relevant to Cape Verde, Guinea Bissau, Sao Tome et Principe, Comoros and Haiti. This will help inform future financing and investment vehicles for all these countries.

Table 4 explains how, from the theory of change, the outputs reduce or remove the barriers.

Table 4. Overcoming Barriers to the Resilient, Sustainable Blue Economy

Barrier	Output contributing to lowering or removing.
Public investments	
Insufficient data and information on the costs and benefits of investments;	Output 1.1 Country-driven economic and financial analyses of ocean protection, ocean-climate solutions, and ocean-positive investments Output 3.3 Research and Education Division of the CAN-CC established
Limited ability to forge partnerships and develop projects, especially with private sector (which, in itself, is not reaching full potential in many economies);	Output 1.2 Improved ocean governance systems including sustainable ocean planning and adaptation planning.
Insufficient capacity to consult and design high impact projects;	Output 1.4 Capacity building for young professionals in ocean finance and the blue

	economy.
Low government revenue and high demands on public finance;	Output 1.3 Mechanisms to increase public and private capital for ocean-climate action in the Pacific, including through domestic resource mobilization and innovative financing instruments (selected countries). Output 3.1 Establishment of the Blue Pacific Finance Hub to facilitate collaboration on ocean-climate action and resilient blue economy development.
Lack of mechanisms to convert long-term society and environmental benefits into short-and medium term financial benefits;	Output 1.3 Mechanisms to increase public and private capital for ocean-climate action in the Pacific, including through domestic resource mobilization and innovative financing instruments (selected countries).
Private investments	
Inadequate incentives and an enabling environment	Output 1.2 Improved ocean governance systems including sustainable ocean planning and adaptation planning.
Lack of information on national initiatives and interaction by government with the private sector such as country programmes, pipeline projects, planning and implementation;	Output 2.1 National and regional pipelines of sustainable, resilient blue economy investments are prioritized Output 3.2 Regional blue ocean knowledge-sharing and learning strategy developed and implemented
Limited understanding by the private sector of their role and how to maximise this role to access climate change resources;	Output 1.4 Capacity building for young professionals in ocean finance and the blue economy.
Burdensome requirements and fiduciary standards applied by funding agencies;	Output 1.2 Improved ocean governance systems including sustainable ocean planning and adaptation planning.
Limited understanding by the private sector on the available funding sources and how to access;	Output 1.4 Capacity building for young professionals in ocean finance and the blue economy.
Limited capacity and ability to prepare bankable projects that contribute to mitigating the impacts of climate change and building resilience to business operations.	Output 2.2 Sustainable, resilient blue economy projects are prepared for finance Output 3.1 Establishment of the Blue Pacific Finance Hub to facilitate collaboration on ocean-climate action and resilient blue economy development..

Building on opportunities arising in the context of a green and blue recovery from COVID-19.

Covid 19 has had a profound impact on the region. the complete drop in exchanges and contact with other countries meant the nations could not stave off many of the pandemic's economic impacts, and many countries have had to, at least temporary, restructure their economies. Government revenue has temporarily decreased significantly, and the need for increased economic security (including food and water security) has been demonstrated.

As the region pulls out of the impacts of the Covid Pandemic, it is expected to pick up on development pathways similar. However, there is shared determination to 'build back better' and to ensure any economic restructuring integrates sustainability, ocean protection, climate resilience and economic security. This is seen by many *as a unique opportunity for shifting the pacific marine and coastal communities and economies onto a resilient, sustainable pathway*. It is also recognised that there is a huge overlap between resilience to future pandemics and climate resilience.

Mechanisms to achieve this include:

- Incorporating SBE and climate change at the heart of all post-covid economic recovery plans and programs;
- Accessing all funds available towards post-Covid economic and ensuring SBE and climate change are integrated;
- Putting additional emphasis on the local economy, on the circular economy, on regenerative economic activities, on food security – all of which ensure a greater resilience to future pandemics and which contribute to climate resilience and SBE;
- Specifically, the hub will identify and generate investments which contribute to SBE, and to climate and pandemic resilience; and
- It is anticipated that the hub will have an investment line on SBE and post-covid economic recovery – to ensure that optimal support is given to participating countries.

As mentioned previously, this alternative scenario is planned to be co-financed by several international partners as well as GEF and ADB. Currently two partners, Nordic Development Fund and Bloomberg Philanthropies, have each indicated a strong interest in contributing to the overall activities of the Hub. Partnership discussions are also advanced with other partners.

In addition to these other donors, the alternative scenario will be co-financed by several ADB investment projects in the Pacific region. The details of this will be determined during the PPG phase. Indicatively, the following three ADB investments are to be considered as co-financing as outlined in Table C.

In Kiribati, the **Outer Islands Transport Infrastructure Investment Project – Phase 2** is currently undergoing the design of a roadmap for the development of the maritime transport sector and a feasibility study on maritime infrastructure on selected outer islands. The project is likely to provide hydrographic surveys and produce nautical charts for selected outer islands, as well as investing in a series of small maritime facilities such as small jetties and boat ramps. ADB co-financing from this project is \$12m.

In the Solomon Islands, the **Honiara Sustainable Solid Waste Management Project** will improve the coverage, reliability, and sustainability of SWM services while contributing to the country's climate and disaster resilience, and ocean health. For example, the project may include: (i) a new waste management and resource recovery facility that reduces the carbon footprint of Honiara's waste sector and stems the flow of waste to the ocean; (ii) the closure and

rehabilitation of the existing dumpsite, resulting in reduced greenhouse gas emissions; (iii) expansion of waste collection services; (iv) institutional strengthening; and (v) support for behavior change campaigns, coordination, policies, and regulations. ADB co-financing from this project is \$3m.

In Kiribati, the **South Tawara Climate Adaptation and Renewable Energy Project** will build on previous investments in fixed and floating solar PV. The project Outcome will be an electricity generation sub-sector and infrastructure that is en route to being fully adapted to climate change. The project will have two inter-related Impacts: (1) Energy security, from a transformed energy source that is fully resilient to climate change; and (2) Decreased vulnerability amongst vulnerable populations and vulnerable communities. ADB co-financing from this project is \$13.7m.

The alternative scenario also includes technical support and capacity development from ADB regional Technical Assistance projects (see more details in the section “Coordination with ongoing and planned projects” below). The alternative scenario also includes government in-kind support (details to be confirmed during the PPG activities).

Associated GEF Projects

The proposed project also aligns with the Pacific I2I Regional Project: Ocean Health for Ocean Wealth - The Voyage to a Blue Economy for the Blue Pacific Continent (GEF Project ID 10783). The I2I project is developing national and regional SBE frameworks, and this project Outcome 1 will build on these frameworks to continue to build the enabling environments for countries to implement the SBE frameworks and grow blue economies. Outcome 2 of the I2I project is to pilot national SBE projects, and this proposed project will scale-up these projects by bringing together co-funders for strategic and coordinated funding of project preparation and implementation. Outcome 3 of the I2I project is regional knowledge sharing, and this proposed project will build on and contribute to the I2I regional knowledge platform, as well as scaling up knowledge, peer to peer learning networks, and training in ocean finance for Pacific Islanders.

4) alignment with GEF focal area and/or Impact Program strategies

As set out and described in the following table, the project is aligned to the GEF climate change adaptation focal areas objectives, outcomes and outputs.

GEF CCA Focal Area result	Project contribution
Objective 1 Reduce vulnerability and increase resilience through innovation and technology transfer for climate change adaptation	
Outcome 1.2 Innovative financial instruments and investment models enabled or introduced to enhance climate resilience	<p>The design and roll out of innovative financial instruments is a central aim of this project, notably through the Finance Hub.</p> <p>This Hub should leverage and channel significant finance to resilience and to sustainable blue investments.</p>
Output 1.2.1 Innovation incubators and/or accelerators introduced	The Finance Hub to be established under the project is likely to support investment incubators and/or accelerators – depending on the needs in each participating country.
Output 1.2.2 Investment models developed and tested	Developing, testing and upscaling investment models is a key role for the Finance Hub.
Objective 2: Mainstream climate change adaptation and resilience for systemic impact	
Outcome 2. Barriers to climate finance access targeted	Barriers to finance, both private and public, are important in the region and in the concerned sectors. Lowering and removing these barriers, through the Finance Hub, is a key aim of this project.
Output 2.2.2 Adaptation and resilience relevant financing coordinated for synergistic programming including with the private sector	<p>At regional and national level, the project will strengthen governance related to ocean finance, strengthening and/or creating frameworks and institutions as necessary, depending on the country needs.</p> <p>This will cover both public and private sector.</p>

5) incremental/additional cost reasoning and expected contributions from the baseline, the GEF TF, and co-financing

The baseline consists of a large number of ocean investments in the ADB pipeline, estimated at approximately \$369.2 million.

The alternative consists of an additional approximately \$51 m (excluding PMC and fees), of which \$8.56m (excluding PMC and fees) is provided by LDCF.

The rest of the alternative is being mobilized from a range of sources, including bilateral donors, private sector philanthropists, and participating governments, with an appropriate contribution from ADB.

Outcome	Total costs (US\$, millions)			
	Baseline	Alternative (from co-financing)	GEF (from the alternative)	GEF (as a % of the alternative)
1		7.2	1.16	13.9%
2	369.2	37.6	6.4	17.0%
3		6.2	1	13.9%
Totals ^[21]	369.2	51	8.56	16.8%
Table 10: estimated incremental costs analysis				

Note: Above table excludes Project Management costs (PMC)

As seen from above table, GEF contributes 13.9% of alternative project costs, with co-financing covering 86.1% of the alternative project costs (excluding PMC).

Leveraging

The principal aim of the Blue Pacific Finance Hub is to mobilize and channel finance to resilient, sustainable blue economy investments. This will continue through to end of project and thereafter. The Project will be in part responsible for this leveraging. Leveraged finance - including debt and equity from complementary finance streams - is estimated to rise to **\$500m by 2030**.

6) global environmental benefits

The following Table presents an overview of the types and a quantification of the adaptation benefits of this project.

Country/city	Types of adaptation benefit	Number and identification of beneficiaries
Kiribati, Solomon Islands, Timor-Leste and Tuvalu	Investments in economic activities and infrastructure that lead to improved marine ecosystems and/or increased resilience for communities.	<p>The entire coastal populations are 110,000 (Kiribati), 10,500 (Tuvalu), 600,000 (Timor Leste), and 516,000 (Solomons).[22]</p> <p>If 20% are estimated to benefit directly, that is 22,000, plus 2,100, plus 120,000, plus 103,000, or a total of 247,100.</p>
All other countries.	Although LDCF support is focused on the four LDC countries, the Finance Hub provides support directly to all Pacific nations, and will support and leverage investments in economic activities and infrastructure that lead to improved marine ecosystems and/or increased resilience for communities.	<p>As estimated by Andrew N.L (2019), the combined coastal population of the other 12 participating Pacific countries is (7,986,835 – 1,236,500) or approximately 6,750,335.</p> <p>If we estimate that 2% of this population will benefit directly from increased resilience from the investments through the Finance Hub, as a result of this project, that would be approximately 135,000</p>

The total estimated beneficiaries is 247,100 + 135,000, i.e. 382,107. This is estimated to be 50% female as it affects the general population.

7) Innovation, sustainability and potential for scaling up

The Blue Pacific Finance Hub will incubate innovative approaches and finance mechanisms to scale-up blue economy growth in the Pacific region and the Hub will be sustained by multiple donors and innovative revenue streams, as described below.

Innovation

The Hub will support innovative ocean finance at multiple scales. First, the development of the Hub itself is an innovative approach to ocean finance, built on the recent innovations of the Blue SEA Finance Hub and the SME BlueIMPACT Asia Platforms. The Hub will deliver ocean finance in a coordinated, synergistic, and systematic manner that will increase cost efficiencies and positive impacts for ocean health and the communities that rely on it. Second, under the enabling conditions pillar, the Hub will support the strengthening and creation of new policies to promote innovative ocean finance in each of ADB's Pacific DMCs, as well as at the regional level. In this vein, it will also aim to identify policies which deliver net harm to the ocean environment, and encourage more 'nature positive' approaches. Third, the Hub will support the piloting, development and implementation of innovative ocean finance projects, such as blue carbon and blue bonds.

Hub Sustainability

The Hub will be created by ADB and with support from GEF and other partners but is designed to continue operating over the long term. The Hub will provide a service – directing and channelling funds to investments, and the need for this service is expected to continue. Investors will allocate a small percentage of their contributions to fund management and sustainability. This will be sustainable beyond the initial GEF contribution because it is designed to have ongoing governance and will have funding coming from multiple donors and innovative revenue streams.

Based on initial consultations, indications are that governments and other stakeholders in the Pacific region support the project strategy and the project objectives. PPG consultations will aim at further developing this support. PPG will also analyze and consult on how to optimally anchor the project activities and outputs, both nationally and regionally. Several regional and bilateral partners (CANCC, SPC, SPREP, OPOC, UK and NZ) have been consulted and are keen to join in the project activities and strategy. This will further help secure institutional sustainability, at regional level, but also at national levels, as the regional partners have strong connections and ongoing programs with countries in the region. Given the importance of the project deliverable (i.e. the Hub), it can be expected that the ADB will continue to provide technical assistance and capacity building support through non-GEF mechanisms for at least one subsequent funding cycle.

ADB is fundraising with several bilateral donors and philanthropic institutions to co-found and capitalize the Hub. In addition, innovative finance mechanisms that are developed through the Hub will add to its long-term financial sustainability, for example financial risk management products such as blue bonds or nature-based insurance.

National SBE Sustainability

The Hub will contribute to building country- and regional-level sustainability for SBE growth by supporting the strengthening of enabling environments and growing SBE pipelines. Through this Hub, countries will be able to access much needed funds to fill gaps in policy and planning to integrate climate adaptation and ocean considerations throughout sustainable development agendas including national economic development plans, NDCs, and NAPs. Countries will be able to receive training and capacity building on ocean finance and the development of bankable ocean projects, which will carry on after the life of the project.

By crowding in both public and private sector investors, this hub will catalyze the development of the blue economy market and get the market over the tipping point; by supporting the enabling environment and pipeline development, this Hub will transform the system and bring precedent and confidence to investors.

Potential for scaling up

The project establishes a leverage facility, with the aim of leveraging finance to new and additional activities after the project. This should ensure continued replication and upscaling, across the Pacific region, to existing and to new sectors. The aim of the Hub is to raise \$50m in grant finance to leverage \$500m in ocean investments. Some of the leveraged funds will come from other bilateral donations and TAs that are consistent with Hub objectives, but a large portion will come from loan projects that are prepared through the Hub, supported by enabling policy environments also supported by the Hub, which create bankable ocean projects that can be funded by complimentary debt finance programs including but not limited to ADB's sovereign and non-sovereign operations and partner co-financing agreements.

-
- [1] Andrew NL et al, 2019. Coastal proximity of populations in 22 Pacific Island Countries and Territories (excluding Timor Leste)
- [2] Ibid
- [3] SPC, Development division, website (excluding Timor Leste)
- [4] Wikipedia
- [5] FSM, Kiribati, RMI, Nauru, PNG, Solomon Islands and Tuvalu.
- [6] <https://sustainabledevelopment.un.org/topics/sids/list>
- [7] Climate Change Impacts, Adaptation and Vulnerability – Summary for Policy Makers. Intergovernmental Panel on Climate Change – Working Group II (2022).
- [8] see : <https://www.csiro.au/en/research/environmental-impacts/climate-change/pacific-climate-change-info>
- [9] Provided to ADB by CSIRO in a personal briefing.
- [10] Blue Pacific Ocean Report, 2021. Office of the Pacific Ocean Commissioner.
- [11] Stuchtey, M., A. Vincent, A. Merkl, M. Bucher et al. 2020. “Ocean Solutions That Benefit People, Nature and the Economy.”
- [12] <https://www.nature.com/articles/s41893-021-00745-z>
- [13] <https://link.springer.com/article/10.1007/s10584-021-03041-z>
- [14] https://web.archive.org/web/20210718031909id_/https://link.springer.com/content/pdf/10.1007/s43615-021-00022-3.pdf?error=cookies_not_supported&code=f943fc6b-bab6-4eef-b48f-f85189cc66a5
- [15] United Nations Environment Programme Finance Initiative (2021) Turning the Tide: How to finance a sustainable ocean recovery—A practical guide for financial institutions. Geneva
- [16] Based on the ADB Ocean Finance Framework (2020) <https://www.adb.org/sites/default/files/publication/777461/adb-ocean-finance-framework.pdf>
- [17] M. A. Vanderklift et al. 2019. Constraints and Opportunities for Market-Based Finance for the Restoration and Protection of Blue Carbon Ecosystems. *Marine Policy*. 107. September.
- [18] Policy Brief : Opportunities for Private Sector Engagement in Climate Change Action in the Pacific / Pacific Islands Forum Secretariat (2020)

[19] defined here as desirable benefits excluding those related to climate change adaptation or resilience.

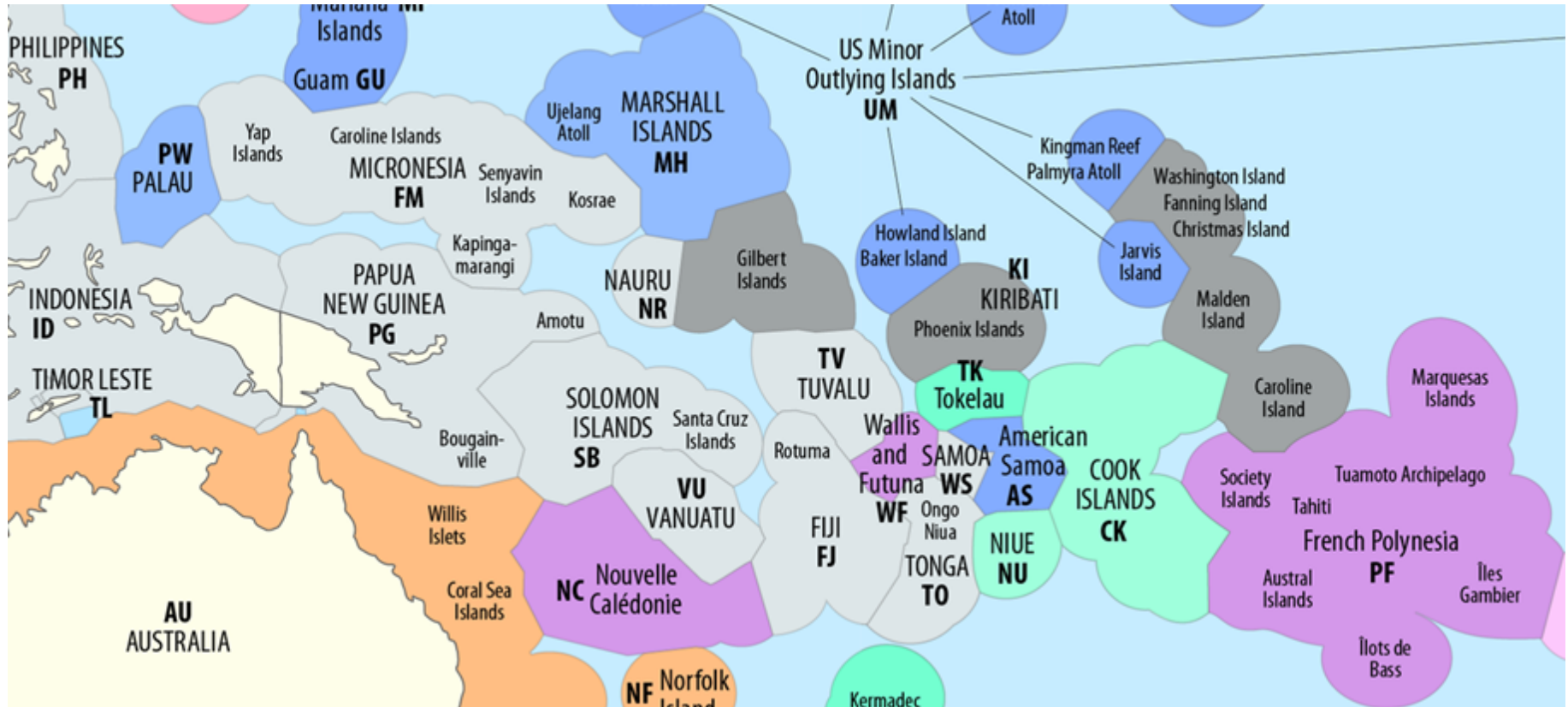
[20] Including ADB's Sovereign and Non-sovereign operations, SME BlueIMPACT Asia Platform, and other relevant funding schemes.

[21] PMC costs excluded

[22] Andrew NL et al, 2019. Coastal proximity of populations in 22 Pacific Island Countries and Territories

1b. Project Map and Coordinates

Please provide geo-referenced information and map where the project interventions will take place.



Map showing estimated exclusive economic zones (EEZs) of Pacific Island countries and Timor-Leste. NOT OFFICIAL. Source: Maximillian Dorrbecker, 2022

2. Stakeholders

Select the stakeholders that have participated in consultations during the project identification phase:

Indigenous Peoples and Local Communities Yes

Civil Society Organizations Yes

Private Sector Entities Yes

If none of the above, please explain why:

Stakeholder Groups

No stakeholder can achieve this project objective by acting in isolation. The success of the Blue Pacific Finance Hub depends entirely on mobilizing the necessary stakeholder groups and ensuring all stakeholders act in a coordinated and organized fashion. The following table provides initial information on the key stakeholder groups, their existing mandate/responsibilities that are related to the proposed project objective, and their potential role in this project and in the Hub. The subsequent paragraphs describe the approach to be taken to ensure stakeholder participation and engagement, and the progress made so far.

Stakeholder Group	Current activities and responsibilities related to the project objective	Proposed role in project success and in the success of the 'Hub' to be established under the project
Regional political and technical partners, e.g. SCP, SPREP, OPOC.	<ol style="list-style-type: none">1. Establish region-wide goals and objectives;2. Provide guidelines and capacity building to countries and stakeholders;3. Provide coordination, negotiation and trouble-shooting across countries and stakeholders.	<p>Support in developing policy, actions plans;</p> <p>Support establishing/ strengthening in-country networks;</p> <p>Potentially implement key in-country activities</p>
National governments – finance ministries and treasuries	<ol style="list-style-type: none">4. Establish fiscal and investment frameworks;5. Allocate public resources to public services projects.	<p>Work together with project to create supportive fiscal enabling environment, including “nature-positive” subsidies or other incentive schemes;</p> <p>Work with project to create innovative financial mechanisms.</p>

		<p>Work together with project to mobilize public and private finance to the Hub;</p>
National governments – ocean, coasts, natural resources and climate change	<p>6. Establish and enforce regulation, guidelines and management regimes over marine and coastal areas, including protected areas;</p> <p>7. Data collection and analysis;</p> <p>8. Coordination and partnership building.</p>	<p>Work together with project partners to develop the substantive framework for the Hub and for designing/implementing SBE investments in-country.</p>
Private sector – investors and financiers	<p>9. Seek out profitable investments, in line with prevailing market framework;</p>	<p>Guide on Hub design;</p> <p>Invest in SBE actions, through the Finance Hub.</p>
Private sector – drivers of economic activities (shipping, tourism, fishing, energy, etc)	<p>10. entrepreneurial activities that sustainably or non-sustainably use marine and coastal resources in order to generate profits.</p>	<p>Guide on Hub design;</p> <p>Seek finance through the Hub.</p>
Local governments	<p>11. create enabling environment conducive to Hub and its objectives in the locality</p> <p>12. localised coordination, negotiation and trouble shooting.</p>	<p>To be determined</p>
Communities	<p>13. inform, design, lead and participate in a wide-range of community development, environmental and resilience-building activities.</p>	<p>To be determined</p>
Civil society	<p>14. undertake a range of activities in support of vulnerable populations or in response to climate</p>	<p>Support hub design</p> <p>Ensure full participation</p>

	tations, or in response to climate change, or in favour of environmental protection.	Oversight.
Development partners: multilateral banks, multilateral agencies, bilateral, international NGOs, etc	15. investing in the blue economy 16. building capacity	Contribute financially to hub activities Support policy and promotional work. Support financial mobilization

Approach

ADB requires projects to engage in, and to carefully document, meaningful consultation with stakeholders. ADB defines “meaningful consultation” as a process that:

- (i) begins early in the project preparation stage and is carried out on an ongoing basis throughout the project cycle;
- (ii) provides timely disclosure of relevant and adequate information that is understandable and readily accessible to affected people;
- (iii) is undertaken in an atmosphere free of intimidation or coercion;
- (iv) is gender inclusive and responsive and tailored to the needs of disadvantaged and vulnerable groups; and
- (v) enables the incorporation of all relevant views of affected people and other stakeholders into decision making such as project design, mitigation measures, the sharing of development benefits and opportunities, and implementation issues.

Achievements so far

Despite restrictions on travel so far, in-depth consultations have been held with the following:

1. Beneficiary governments in many Pacific countries including Fiji, Palau, Republic of the Marshall Islands, and Kiribati;
2. Beneficiary sectors in many Pacific countries
3. Potential co-financiers from development partners and philanthropic organizations;
4. A large range of actors – NGOs, civil society, private sector, academic institutes, government agencies – active in similar sectors across the Pacific.

This includes for example including WWF, The Nature Conservancy, SPREP, Ocean Risk & Resilience Action Alliance, among others.

Notably, during the week of 11 – 14 April, the project and the proposed Blue Pacific Finance Hub were presented and consulted during the International Our Ocean Conference 7 held in Palau. This international conference, with participants from over 80 countries, was the largest meetings of the ocean community in over two years. The conference included plenary sessions, panel sessions, side events related specifically to oceans and climate change. ADB and the Pacific Island nations contributed greatly to the Conference and used the opportunity to explore the Blue Pacific Finance Hub and the proposed LDCF project.

Consultation during future project development and implementation

A full stakeholder assessment will be undertaken related to the proposed GEF supported activities. This shall be prior to any substantive planning, decisions or to any infrastructure activities. This will lead to an updated stakeholder engagement plan, in line with ADB procedures (and to be available prior to GEF approval of the project).

Key activities planned as part of the stakeholder engagement strategy include:

(i) Conduct a stakeholder analysis to identify and map key stakeholders (including local and international NGOs), their level of influence, communication dynamics and their stake, interest and positions on project issues considering stakeholders' inputs into the analysis. Conduct communication-based assessments determining: (a) each stakeholder's communication requirements and project information needs; (b) their needs and interests in participating in consultations; and (c) the most appropriate channels to engage them. The assessment will also determine the capacity of the project management unit (see below) to implement communication activities; and will also include a review of previous communication activities and identify any gaps that need to be addressed in succeeding communication activities.

(ii) Based on the stakeholder analysis and communication-based assessments, develop the communication strategy. The strategy will include, but not be limited to: (a) how information will be shared and disseminated with both external and internal stakeholders; (b) an outline of proposed participation channels, consultation activities and the role of project grievance mechanisms; a disclosure plan detailing how information is best shared with each stakeholder, especially NGOs, and in what forms. The strategy and all planned activities will be in accordance with concerned Government policies and ADB's Public Communications Policy and related procedures and guidelines.

(iii) Implement key components of the communications strategy.

Indigenous people (IP). In line with ADB Safeguard policy, IPs are (amongst others essential criteria) groups that are culturally, economically, socially, or politically separate from those of the dominant society and culture.

For illustrative tours, an Outline Stakeholder Communication and Participation Plan has been prepared (see Annex F).

In addition, provide indicative information on how stakeholders, including civil society and indigenous peoples, will be engaged in the project preparation, and their respective roles and means of engagement

3. Gender Equality and Women's Empowerment

Briefly include below any gender dimensions relevant to the project, and any plans to address gender in project design (e.g. gender analysis).

Gender issues in the Pacific

Women across the Pacific make a strong contribution to cultural, economic and political development. They are known to be hardworking, creative and resilient. Women in the Pacific perform multiple roles as household managers, subsistence and cash crop farmers, income earners, and active members of churches and community groups. Increasingly, but slowly, women are playing an increasing role in public administration, political decision-making and in the formal private sector. As a consequence, there is a growing recognition among governments and the private sector that investing in women and girls has a powerful effect on economic growth and wellbeing.

Notwithstanding, women are often amongst the more vulnerable populations within Pacific societies and face significant challenges. For example, up to 60% of women and girls have experienced violence at the hands of partners or family members. The Inter-Parliamentary Union reports that, whereas globally women comprise only 23.3% of national parliamentarians, the percentage of women in Pacific parliaments is currently around 6.9%.

With regards to climate change, women are typically more vulnerable to climate change impacts and have less adaptive capacity. Women typically face disproportionate impacts from climate hazards since many are engaged in the informal economy with no job security, and are not covered by existing social protection schemes.

In response to these gender challenges, at the legal and institutional level, all Pacific nations have taken steps to enshrine progress on women's issues. Further, collectively, Pacific nations have taken steps over more than three decades to develop a regional architecture for advancing on gender issues, culminating most recently in the 'new Pacific Platform for Action for Gender Equality and Women's Human Rights 2018–2030'. The objective of this Platform is to accelerate the implementation of gender commitments at all levels in order to achieve gender equality and the promotion and protection of the human rights of all women and girls, in all their diversity.

Gender in the Proposed Project

There are two aspects to addressing gender in this project: (i) addressing gender mainstreaming and improving women's situation through the project and LDCF and co-financed activities; (ii) as the project is to establish a financing Hub, which shall ultimately be responsible for catalysing large amounts of investments, the Hub will have a responsibility for addressing gender issues and promoting gender mainstreaming. These are both elaborated in the following paragraphs.

Gender in the Project Activities

At a general level, for all ADB activities, accelerating progress in gender equality is one of seven operational priorities in the ADB Strategy 2030. This operational priority recognizes that gender equality is critical in its own right as well as for helping realize socioeconomic development. For example, ADB is committed to support gender equality through gender-inclusive project designs in at least 75% of its sovereign and non-sovereign operations by 2030. This is implemented through a gender operational plan that focuses on five strategic priorities: (i) women's economic empowerment increased, (ii) gender equality in human development enhanced, (iii) gender equality in decision making and leadership enhanced, (iv) women's time poverty and drudgery reduced, and (v) women's resilience to external shocks strengthened.

In the project (i) all components of the project will require the full and meaningful participation of women (ii) significant activities will be taken to actively improve gender equality.

During project preparation, a full gender assessment will be undertaken and gender action plan (GAP) prepared. The GAP will set out the activities, responsibilities and budget allocation to ensure gender objectives in the project. The gender assessment and implementation of the GAP are most likely to be led by the Social Safeguards and Gender Specialists (internal and local) under the guidance of the Project Management Unit (PMU), working closely with responsible government agencies and local civil society. To the extent possible, this is implemented as a capacity building and lesson learning experience.

The outline for a typical gender plan is provided in Annex G.

Gender and the Hub

A major product of this project is a Hub, which is designed to influence large numbers of subsequent investments. In order to address gender:

- the Hub will have a well-resourced gender specialist;
- the Hub will have a gender strategy and action plan, updated regularly;
- the Hub will ensure that all Hub influenced activities have an optimal gender impact;
- the Hub will report annually on its efforts to mainstream and improve gender.

Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment? Yes

closing gender gaps in access to and control over natural resources; Yes

improving women's participation and decision-making; and/or Yes

generating socio-economic benefits or services for women. Yes

Will the project's results framework or logical framework include gender-sensitive indicators?

Yes

4. Private sector engagement

Will there be private sector engagement in the project?

Yes

Please briefly explain the rationale behind your answer.

Pacific SIDS economies are small, fragmented, lack diversity, and are highly dependent on imports and highly reliant on revenue from overseas sources. As a result, private sector growth has until now been constrained. The public sector accounts for a large share of the economy and a large share of employment.

The levels of investments needed for Pacific Adaptation and the diverse types of investment mean that there is a need and there are significant opportunities for drawing in the private sector.

The project focuses on mobilizing finance to investments from both private and public sources. cooperation with private sector is key to the project success.

The project will also establish working linkages with the Frontier Fund. ADB is currently establishing the Frontier Fund to facilitate private sector operations in Asia and the Pacific, with an initial focus on the tourism and light manufacturing. ADB, and the Fund, will seek to invest in private companies that contribute to SDG impacts in frontier markets in Asia and the Pacific.

Specifically, the barrier analysis (above) identified many barriers to increased investment in and through the private sector into SBE investments. The project has been designed to reduce and remove these barriers (as set out in the following table, which is repeated from above).

Barrier to private sector investment	Description of how project will help
Inadequate incentives and an enabling environment	<p>Output 1.2 Improved ocean governance systems including sustainable ocean planning and adaptation planning.</p> <p>Activities will help identify private sector investments that will also be good for SBE, and will help ensure that governance mechanisms facilitate financial flows to the projects.</p>
Lack of information on national initiatives and interaction by government with the private sector such as country programmes, pipeline projects, planning and implementation;	<p>Output 2.1 National and regional pipelines of sustainable, resilient blue economy investments are prioritized</p> <p>Project will identify SBE and climate resilience private sector projects, and connect to potential investors.</p>

	<p>Output 3.2 Regional blue ocean knowledge-sharing and learning strategy developed and implemented</p> <p>Specifically, knowledge on how to shift private sector investments to SBE and climate resilience will be captured, and distributed.</p>
Limited understanding by the private sector of their role and how to maximise this role to access climate change resources;	<p>Output 1.4 Capacity building for young professionals in ocean finance and the blue economy.</p> <p>Young professionals both in government and private sector (entrepreneurs) will benefit from capacity building on how to shift private sector investments to SBE and climate resilience.</p>
Burdensome requirements and fiduciary standards applied by funding agencies;	<p>Output 1.2 Improved ocean governance systems including sustainable ocean planning and adaptation planning.</p> <p>As appropriate, where specific governance barriers to private sector investment are identified, proposals will be made to lower the barrier, and follow-up action supported if necessary.</p>
Limited understanding by the private sector on the available funding sources and how to access;	Output 1.4 Capacity building for young professionals in ocean finance and the blue economy.
Limited capacity and ability to prepare bankable projects that contribute to mitigating the impacts of climate change and building resilience to business operations.	<p>Output 2.2 Sustainable, resilient blue economy projects are prepared for finance</p> <p>Output 3.1 Establishment of the Blue Pacific Finance Hub to facilitate collaboration on ocean-climate action and resilient blue economy development.</p> <p>As mentioned at many points, the Hub will have a strong mandate to support private sector and to help shift private sector investments to SBE and climate resilience</p>

5. Risks to Achieving Project Objectives

Indicate risks, including climate change, potential social and environmental risks that might prevent the Project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the Project design (table format acceptable)

The key risks and mitigating measures are summarized in the following table. This will be validated and updated during final design of GEF supported measures.

Risks	Risk Level*	Programmatic Mitigation measure
<p><u>Limitations with climate data and climate change projections.</u></p> <p>Historical climate data in the Pacific region is incomplete and, in some cases, inaccurate. This is particularly true for the LDC nations such as Tuvalu and Kiribati.</p> <p>Further, the challenging geography – notably small land masses in a large ocean - and limited resources mean that climate change projections are often of limited confidence - except for the most basic parameters. Downscaling is challenging and previous work limited. These factors mean it is difficult to provide meaningful projections for the type and scale of climate change impacts.</p>	<p>High likelihood, low impact –</p> <p>Medium risk</p>	<p>Over the past decade the Australian Government has worked closely with each Pacific Government to collect data, analyze data, interpret global climate change projections, and prepare projections for climate change and its impacts on the Pacific island nations.</p> <p>This is an ongoing process and has just led to the publication of so-called 'nextGen' (i.e. Next Generation Climate Projections for the Western Tropical Pacific). In addition to updated model-based projections for key climate hazards for each country, this includes country/sector specific case studies, non-technical guidance materials and communication products to facilitate sectoral applications.</p> <p>The precautionary principle will be adopted. That is, in each case, a reasonable worst case scenarios will be determined, and project designs and standards will be in line with this case.</p> <p>Win-win options will be sought and prioritized. That is, where the exact nature or scale of the climate change threat is unknown</p>

		known, the measures supported by the project will be of a type that generate benefits in terms of climate resilience, general resilience and also in terms of sustainable development.
<p><u>Political commitment</u></p> <p>-</p> <p>All Pacific Island nations recognize the importance of mobilizing finance to climate change adaptation and to ocean management. However, limited capacity, competing development priorities and natural disasters may affect political will to actually roll out the program activities and commit to the necessary enabling environment (fiscal, legal, institutional reform, as necessary).</p>	High likelihood, low impact – Medium risk	<p>ADB has been working in all countries for several years, is active in a range of sectors, has an established presence, and is constantly engaging in policy dialogue with a range of stakeholders in each country. This has proven to be a useful way to identify and define potential problems, and to determine participatory approaches for defusing the challenges.</p> <p>In line with standard ADB procedures, an assessment of political economy factors that could influence the government's ability to implement the proposed adaptation reforms will provide a basis for monitoring risks.</p> <p>Regular ADB monitoring will follow these issues and lead to recommended action if and when necessary.</p> <p>To the extent that this is a problem, it is likely to be limited to a very small number of countries.</p>
<p><u>Human/Technical Capacity Limitations</u></p> <p>Many of the participating countries are restrained by human capacity, notably because the populations are small and so the human resource pools are small. This leads to the fragmentation of responsibilities of key people across several sectors: infrastructure, climate change, natural resources and disaster risk reduction. This shortage of human resources can weaken the effective identification, design and implementation of adaptation measures, and can undermine ability to respond and cope with natural disasters and long-term environmental change.</p>	Medium likelihood, medium impact –	<p>ADB has a policy to incorporate capacity development into all its programs and projects in the region.</p> <p>Further, the use of a regional approach will lead to opportunities to pool and exchange human resources across the countries.</p> <p>South-south collaboration will be promoted through the project as well as technology transfer across the region, using Pacific-based institutes and universities.</p>

	Me diu m r isk	
<p><u>Coordination and Institutional Capacity Limitations</u></p> <p>Each participating country has several ongoing and planned related development initiatives and several related projects (some supported by GEF but mostly by other development partners such as DFAT, JICA, GCF, World Bank etc). These projects may work in isolation, undermining effectiveness, or work in synergy.</p> <p>Further, although awareness of ocean services and climate change is high, in sectoral organizations there is limited understanding of just how workplans should be modified in order to address climate change and sustainability, and in turn the allocation of institutional resources to climate change can be a challenge.</p> <p>These factors can undermine the effectiveness and efficiency of operations.</p>	Lo w li keli ho od, me diu m i mp act – Lo w- Me diu m r isk	<p>The program will address current urgent and immediate risks related to climate variability, and this should generate attention and capture engagement to the program.</p> <p>ADB's ongoing experience and presence in the countries and the sectors will mean ADB can facilitate information exchange and coordination amongst partners.</p> <p>ADB's ongoing experience and presence in the countries and the sectors will also mean it can anticipate challenges and introduce solutions prior to the problems fully developing.</p> <p>Regular ADB monitoring will follow these issues and lead to recommended action if and when necessary.</p>

Covid Risk Analysis

Potential Risk	Mitigations and Plans
COVID-19 protocol measures and restrictions may limit travel and meeting opportunities.	<p>This effect is starting to slowly diminish and is expected to continue falling reduced over time, as most countries continue the roll-out of vaccinations.</p> <p>Where appropriate, including during the PPG phase, online and Zoom interactions are not ideal but should suffice.</p>
Travel and social distancing restrictions	<p>The project development will utilize new capacities for operating in virtual spaces, through Zoom and other platforms.</p> <p>Project preparation efforts can be a mix of virtual meetings, emails and calls.</p> <p>ADB sub-regional office, resident missions and country offices and ongoing projects can support activities.</p>
Due to Covid delays, there may be changes in baseline and reduced co-financing (caused, for example, by changes in government/ project partner priorities).	This effect has not been observed as of yet. This will be monitored.

Environment and social safeguards.

There are two aspects to ensuring environmental and social safeguards: (i) addressing safeguards through the project and LDCF and co-financed activities; (ii) as the project is to establish a financing Hub, which shall ultimately be responsible for catalysing large amounts of investments, the Hub will have a responsibility for addressing safeguards through those investments.

Addressing Safeguards in the Project Activities

The project will adhere to the GEF Minimum Standards for Environment and Social Safeguards, as well as ADB's Safeguard policy Statement.

ADB's Safeguard Policy Statement (SPS) is a consolidated policy framework that enhances effectiveness and relevance and applies to all ADB-supported projects. The policy covers environment and social issues, including resettlement and indigenous people.

The project is initially categorised as category 'c' for environment, resettlement and indigenous people. This will be reviewed and revised accordingly during project detailed preparation.

In line with SPS, as a category 'c' project:

- Environment, the proposed project is likely to have minimal or no adverse environmental impacts. An EIA or IEE is not required, although environmental implications need to be reviewed.
- Resettlement, the proposed project has no involuntary resettlement impacts. No further action is required.
- Indigenous People, the proposed project is not expected to have impacts on indigenous peoples. No further action is required

However, as mentioned above, this will be reviewed during project preparation. Should the project be classified as B (or A), appropriate environmental/resettlement/IP assessment will be undertaken, and appropriate frameworks and management plans will be prepared, with appropriate budgetary allocation for their implementation.

Safeguards and Hub Operations

A major product of this project is a Hub, which is designed to influence large numbers of subsequent investments. In order to address social and environmental safeguards:

- the Hub will have a well-staffed, well-resourced social and environmental safeguards unit;
- the Hub will develop a strategy and action plan for addressing safeguards;
- the Hub will ensure that all Hub influenced activities are subject to safeguards that meet ADB and host country requirements.

6. Coordination

Outline the institutional structure of the project including monitoring and evaluation coordination at the project level. Describe possible coordination with other relevant GEF-financed projects and other initiatives.

Execution, Implementation and Management.

ADB is the designated GEF Agency and will convene and coordinate co-financing partners. Procurement will be undertaken in accordance with ADB's Procurement Guidelines (2015, as amended from time to time) and ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).

A Blue Pacific Finance Hub Steering Committee, comprising ADB and founding partners, will be established to provide strategic direction. The mandate, memberships and terms of reference are to be developed. A project management unit (PMU) will be established and supervised by ADB to perform day to day management and coordination.

Given the holistic, multi-sectoral and regional nature of the Blue Pacific Finance Hub, ADB plus a range of regional and national implementation partners will collaborate to deliver on the project objectives and to implement the activities.

For country-level activities, national ministries of finance, economic development, environment, fisheries or marine resources, for example (depending on mandates and the scope of specific activities), will be ADB's implementing partners.

The CANCC Secretariat (the current Chair and Secretariat is RMI) will be an implementing partner for Output 3.3, and potentially the University of South Pacific for the ocean finance fellowship program under Output 1.4. ADB will also collaborate with many partners on the knowledge activities, including WWF, The Nature Conservancy, SPREP, Office of the Pacific Oceans Commissioner, Ocean Risk & Resilience Action Alliance, among others. For the knowledge and other region-wide or multi-country activities, the lead implementing partner will be determined following ADB's Procurement Guidelines.

Coordination with ongoing and planned projects, including GEF projects

ADB

ADB has a large and growing pipeline of projects that aim to enable transition to sustainable economies across the Pacific and adapt to climate change. Most of these are national in scope and are too many to mention. The following table lists a selection of the most closely related regional projects, with which ADB will ensure coordination:

Project	Project aim	Status and coordination points
Building Coastal Resilience through Nature-Based and Integrated Approaches' (\$1.925 million)	This project provides support to the Coalition of Low-Lying Atoll Nations on Climate Change (CANCC). This includes funding for a core secretariat, the production and sharing of knowledge on nature-based solutions, regional dialogues, and participation in international fora. This also supports activities in Fiji, RMI and Vanuatu, such as coral reef restoration, coastal adaptation pathway planning, and atoll conversation and resource management planning.	Concerned SDCC and PARD staff will ensure coordination.
Promoting Action on Plastic Pollution from Source to Sea in Asia and the Pacific (\$6 million)	The TA cluster is in support of the following impacts: marine plastic pollution reduced; and health of rivers, coasts, and marine ecosystems restored. It will have the following outcome: DMC action to address marine plastic pollution enhanced.	Concerned SDCC and PARD staff will ensure coordination.
Promoting Innovations in Regional Cooperation and Integration (RCI) in the Aftermath of COVID-19 (\$3.5 million).	This project has the following pertinent activities to development and promote: <ul style="list-style-type: none"> · Best practices and investment opportunities for green and resilient port development; · Knowledge on regional tourism value chains for recovery and resilience improved; · Opportunities to cooperate for resilient and sustainable livelihoods in atoll nations. 	Concerned SDCC and PARD staff will ensure coordination.
Support to Climate Resilient Investment Pathways in the Pacific (\$4 million)	<p>This project has a strategic, multifaceted, and risk-informed approach to support country and regional commitments to climate change adaptation measures.</p> <p>The TA has the following Impact (resilience to climate change impacts and associated risks in Pacific DMCs improved across built infrastructure, ecosystems and communities) and the following Outcome (systemic resilient adaptation pathways in the Pacific increased).</p>	Concerned SDCC and PARD staff will ensure coordination

The above projects total \$15.425 million in total. Approximately one third of this, or \$5million, is considered direct co-financing to this proposed GEF Project.

GEF

This project will build upon and be coordinated with and complementary to other GEF supported in the region, including those under GEF7 and GEF 8. The RSC and ADB will notably ensure coordination with the following GEF Projects:

Project	Project aim	Status and coordination points
Regional and multi-country projects		
Regional Climate Resilient Urban Development in the Pacific (ADB), regional program with child projects in Kiribati, Tuvalu, Solomon Islands and Vanuatu. (GEF/LDCF)	The child projects aim to increase the resilience of critical urban areas and urban services in the Pacific, with a focus on water supply, sanitation, watershed management and disaster risk reduction.	<p>All have been fully approved, with the exception of Tuvalu which has faced Covid-related delays in the design process.</p> <p>Coordination will be ensured by the concerned ADB PARD Investment Officers with support from SDCC.</p>
Regional Project: Ocean Health for Ocean Wealth - The Voyage to a Blue Economy for the Blue Pacific Continent (UNEP/ADB/SPREP) (GEF/IW)	To project objective is to preserve and safeguard the health of ocean ecosystems while catalyzing the development and growth of sustainable blue economies (SBE) in Pacific Island Countries. In addition to strengthening national planning and enabling activities, the project will pilot or demonstrate innovative technologies to achieve SBE goals.	<p>ADB played a key role in project design and is involved primarily in investment related activities.</p> <p>Coordination will be ensured by the concerned ADB PARD Investment Officers and SDCC.</p>
Partnerships for Coral Reef Finance and Insurance in Asia and the Pacific (ADB) (LDCF/SCCF)	This regional project is to enable large-scale financing to increase the climate resilience of coastal businesses, communities and livelihoods in selected countries in the Asia Pacific region through an innovative public-private partnership (PPP) model for coral reef insurance.	Coordination will be ensured by the concerned ADB officers in SDCC and through PLCO, Pacific Sub-Regional Office, and Country Offices in respective Pacific Countries
Enhancing water-food security and climate resilience in volcanic island countries of the Pacific (GEF ID10712) (FAO/IW)	This regional project is implemented through FAO in Fiji, Solomon Islands, Vanuatu looking at enhancing water-food security and climate resilience in volcanic island countries of the Pacific.	
Managing Coastal Aquifers in Selected Pacific SIDS (GEFID 10041) (UN	This regional project is implemented through UNDP in Marshall Islands, Palau, Tuvalu to improve the understanding, use, management and protection of c	

DP/LD)	coastal aquifers in Republic of Palau, Tuvalu and the Republic of Marshall Islands towards enhanced water security within the context of a changing climate.	
Support to Eligible Parties to Produce the Sixth National Report to the CBD (GEF ID 9823) (UNDP/BD)	This regional project is implemented through UNDP in Cook Islands, Fiji, Micronesia, Kiribati, Marshall Islands, Nauru, Niue, Palau, Tonga, Tuvalu, Vanuatu	
National GEF projects		
Depending on the direction and priorities established in the establishment of the Hub, the project will develop coordination and collaboration mechanisms. For example, this may cover the following:		
TUV – Increasing Access to Renewable Energy Project, IAREP (ADB)	The Project Objective is to, in Tuvalu, increase the utilization of renewable energy and reduce greenhouse gas emissions, notably by the roll out of innovative floating solar electricity generation technologies.	<p>Scheduled for approval during 2022.</p> <p>Coordination will be ensured by the concerned ADB PARD Investment Officers and SDCC.</p>

Notes: PARD = Pacific Regional Department; SDCC = Sustainable Development and Climate Change Department; PLCO = Pacific Liaison and Coordination Officer

ADB in the Pacific.

ADB is a multilateral development finance institution that provides loans, grants and technical assistance. ADB is composed of 67 members, 48 of which are from the Asia and Pacific region. ADB's clients are its member governments, who are also its shareholders. In addition, ADB provides direct assistance to private enterprises of developing member countries through equity investments and loans. In 2016, loan, grant and technical assistance approvals to ADB's developing member countries amounted to \$17.8 billion, and total co-financing mobilized, with donor support, amounted to \$13.9 billion, bringing total sovereign operations to \$31.7 billion in 2016. Non-sovereign operations for the same year amounted to \$2.5 billion.

ADB has been working with the concerned governments since the early 1970's and has dozens of project approved in each country totalling hundreds of millions of US\$. This includes loans, grant investments and technical assistance projects. The ADB – through its Pacific Department (PARD) - currently operates in 14 DMCs in the Pacific region, as follows: Cook Islands, Fiji, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, Niue, Palau, PNG, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu. ADB's Southeast Asia Department (SERD) is responsible for activities in Timor Leste.

ADB programming in the region is through a multi-annual strategic programming exercises in Fiji and PNG, and a multi-country exercise under which all other countries are addressed leading to the "*Pacific Approach*". Implementation of the country strategies and the *Pacific Approach* is through annual country programming exercises, which serve as a good tool to ensure coordination between this project and all other ADB supported initiatives. ADB, under PARD, has sizeable offices in Manila, Sydney and Fiji that will support project implementation, as well as country offices in each country.

7. Consistency with National Priorities

Is the Project consistent with the National Strategies and plans or reports and assessments under relevant conventions?

Yes

If yes, which ones and how: NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, INDCs, etc

Development priorities

Natural conditions in the Pacific - small population and land area, dispersion, isolation, and heightened exposure to disasters and the effects of climate change – have created unique challenges, as well as awareness of the solutions and the path forward. The challenges include economic vulnerability, high-cost structures, capacity and governance constraints, unequal access to services, high import reliance, and limited exports. Together, these features pose three critical development challenges: (i) vulnerability to shocks, (ii) weak service delivery, and (iii) slow growth. Impacts of the coronavirus disease have exacerbated the challenges and pose a severe threat to development.

Collectively and independently all Pacific island nations have emphasized that two of their highest priorities are adapting to climate change and sustainably managing ocean resources, the joint aims of this proposed project. Further, each country has identified the mobilization of financing, notably through innovative mechanisms, and from private sector, as a key strategy for achieving development aims. This project focusses entirely through that strategy.

Adaptation priorities

In the Pacific, the *Framework for Resilient Development in the Pacific (FRDP) - An Integrated Approach to Address Climate Change and Disaster Risk Management – 2017-2030* provides a foundation for all action and cooperation on climate and disaster risk management in the Pacific. It commits all partners to the following three Goals:

1. Strengthened integrated adaptation and risk reduction to enhance resilience to climate change and disasters;
2. Low carbon development;
3. Strengthened disaster preparedness, response and recovery.

This proposed project contributes directly to many of the actions and sub-objectives under Goal 1. It notably highlights the conservation of oceans and of marine ecosystems, including as a means to achieve carbon sequestration.

The FRDP is premised on a recognition that resilience is **central** to development in the Pacific. It emphasizes that any successful response must be multi-dimensional and involve all sectors and all stakeholders. Further, the response must be proactive. FRDP also emphasizes the fundamental importance of infrastructure as a basis for development - and the need for it to be climate and disaster proof.

Further, all 14 countries have submitted NDC, NAP and/or NAPA strategies and action plans in accordance with the meetings and procedures of the UNFCCC. All PICs have also contributed National Communication (NC) reports as Annex 2 countries under the Convention. Typically, the NAPA and NC emphasize the importance of ocean/mariner resources, for example the changing ocean and waterway conditions affecting sustainable access to marine resources.

Priorities related to the Oceans

With regards to sustainable management of the oceans, the countries have cooperated to express their priorities through several high- level policy initiatives, including (but not limited to):

- The Palau Declaration on 'The Ocean: Life and Future' (2014), which has the stated aim to chart a course to sustainability. Through this, the Leaders of the Pacific Islands Forum is committed to playing a central role in the stewardship of the Pacific Ocean;
- The Pacific Blue Shipping Partnership (initiated in 2019). This ambitious, country-driven initiative aims to catalyse a large-scale blended investment to a multi-country transition to sustainable, resilient, and low carbon shipping;
- The Pacific Regional Action Plan: Marine Litter 2018-2025. This sets the policy context and key actions to minimise marine litter across the Pacific Island Countries and Territories.
- Blue Pacific Ocean Report (2021), developed under the Auspices of the Office of the Pacific Ocean Commissioner.

Given their importance, sustainable management of marine and coastal resources is a fundamental component of each country's social development and environmental management programs.

8. Knowledge Management

Outline the knowledge management approach for the Project, including, if any, plans for the Project to learn from other relevant Projects and initiatives, to assess and document in a user-friendly form, and share these experiences and expertise with relevant stakeholders.

Types of knowledge to be generated under this project.

This program is expected to generate knowledge related to a range of issues, including but not limited to the following: (i) mobilizing private sector finance in the Pacific (ii) aligning investments to SBE principles (iii) ensuring investments support climate change adaptation (iv) ensuring sustainable blue economic developments supports climate change adaptation (v) technology transfer to the Pacific and innovation (vi) partnership building, notably amongst private sector stakeholders and between private sector stakeholders and civil society (vii) enhancing women's role as drivers of change, actors in investment, and in managing climate-resilient ocean resources.

Mechanisms for sharing knowledge

Given the range and significance of the knowledge and lessons to be generated, lesson learning and knowledge management is a core element of the Project. This will be undertaken under Output 3, it will be supported by ADB and other project partners, by all RSC members, and, once established, the Hub will play a key role in knowledge management and lesson learning.

Under Output 3, a full knowledge management strategy will be developed covering: lesson capturing; target audience for lesson learning; modalities, media and communications for sharing lessons.

The Project PMU will take the lead in collecting information, documenting the project's success, and sharing knowledge. Once functional, the Hub is expected to complement this.

ADB will take a lead in lesson-sharing across the Pacific and across Asia, for example through: key Pacific events, the ADB Ocean Forum, the Our Ocean Conference, and UN Ocean Summit.

The types of knowledge sharing platforms which will be employed include case studies, blogs, impact stories, videos, blogs, vlogs, toolkits, journal articles and others.

Geographical extent

The first focus of this project will be the Pacific and Timor Leste and stakeholders across the Pacific.

The next focus will be lesson sharing to all ADB nations across Asia with large coastlines and oceans, notably:

- An active and continuous exchange of lessons, information, experience and skills with the Southeast Asia Blue Finance Hub;
- Preparing targeted promotional material aimed at pertinent stakeholders in South Asia and East Asia; etc

ADB will also ensure the project and the Hub obtain global recognition, through promotion at global conferences, meetings, etc, e.g. the Our Ocean Conference and the UN Ocean Summit.

Specifically, under Outcome 3, and in line with the GEF LDCF mandate and strategy, efforts will be taken to ensure that any lessons relevant to all LDC SIDS will be captured and drawn and disseminated. This will include lessons relevant to Cape Verde, Guinea Bissau, Sao Tome et Principe, Comoros and Haiti. Lessons learnt from establishing and operating this Hub will help inform future financing and investment vehicles for all these countries.

Lessons learnt from previous projects.

The project builds on ADB experience in financing sustainable development on SIDS over past decades, as well as ADB and other experience implementing GEF projects in order to achieve global benefits. Specific lessons learnt include:

- the need to focus on sustainable financing from the outset. The entire scope of the project is to establish a sustainable financing mechanism – whereas in the past too many projects supported a good idea, and aimed afterwards to establish a related financing mechanism’;
- the need to work intensively on matching needs to sources of finance. In the past, too often have ‘assumed’ that finance will somehow ‘find’ good investments. This project realizes that connecting finance to good investments can often require a large amount of work to design, to consult, to connect partners, to facilitate, etc.
- The importance of pooling resources. SIDS and LDCs are often too small to develop innovative capacity such as financial mechanisms – and previous projects had not fully addressed this. This project will pool resources across many small economies in order to generate economies of scale and be sufficiently attractive for a broad range of stakeholders.

9) Monitoring and Evaluation Plan and Budget:

As with managerial, fiduciary and safeguarding aspects, there are two components: (i) monitoring and evaluation and budget of the LDCF and co-financed activities (ii) monitoring and evaluation of the activities and impacts of the Financial Hub to be created and operationalized through the project.

Project Monitoring and Evaluation

During project preparation, a M&E Plan will be prepared. This will be aligned with GEF Monitoring Policy and Evaluation Policy respectively, as well as requirements of ADB’s Independent Evaluation Department (IED).

A dedicated budget for the Mid-Term Review (MTR) and Terminal Evaluation will be identified.

Monitoring Investments through the Hub

Under Output 2, this project will operational a financial hub that will be responsible for catalysing large volumes of investment to sustainable blue economy activities. The Hub will have responsibilities related to monitoring these investments, depending on the location, type of investment, investor, implementer, etc.

Under Output 2, the project will have an M+E specialist in the Hub. The Specialist will be responsible for:

- monitoring and reporting on overall Hub activities and progress, including coverage of all investments realised as a result of Hub support;
- preparing M+E guidelines for all investments realised as a result of Hub support;
- where necessary, directly monitoring and evaluating investments realised as a result of Hub support;
- providing ongoing and guidance to stakeholders involved in investments realised as a result of Hub support.

9. Environmental and Social Safeguard (ESS) Risks

Provide information on the identified environmental and social risks and potential impacts associated with the project/program based on your organization's ESS systems and procedures

Overall Project/Program Risk Classification*

PIF	CEO Endorsement/Approval	MTR	TE
Low			

Measures to address identified risks and impacts

Provide preliminary information on the types and levels of risk classifications/ratings of any identified environmental and social risks and potential impacts associated with the project (considering the GEF ESS Minimum Standards) and describe measures to address these risks during the project design.

Environment and social safeguards.

There are two aspects to ensuring environmental and social safeguards: (i) addressing safeguards through the project and LDCF and co-financed activities; (ii) as the project is to establish a financing Hub, which shall ultimately be responsible for catalysing large amounts of investments, the Hub will have a responsibility for addressing safeguards through those investments.

Addressing Safeguards in the Project Activities

The project will adhere to the GEF Minimum Standards for Environment and Social Safeguards, as well as ADB's Safeguard policy Statement.

ADB/s Safeguard Policy Statement (SPS) is a consolidated policy framework that enhances effectiveness and relevance and applies to all ADB-supported projects. The policy covers environment and social issues, including resettlement and indigenous people.

The project is initially categorised as category 'c' for environment, resettlement and indigenous people. This will be reviewed and revised accordingly during project detailed preparation.

In line with SPS, as a category 'c' project:

- Environment, the proposed project is likely to have minimal or no adverse environmental impacts. An EIA or IEE is not required, although environmental implications need to be reviewed.
- Resettlement, the proposed project has no involuntary resettlement impacts. No further action is required.
- Indigenous People, the proposed project is not expected to have impacts on indigenous peoples. No further action is required

However, as mentioned above, this will be reviewed during project preparation. Should the project be classified as B (or A), appropriate environmental/resettlement/IP assessment will be undertaken, and appropriate frameworks and management plans will be prepared, with appropriate budgetary allocation for their implementation.

Safeguards and Hub Operations

A major product of this project is a Hub, which is designed to influence large numbers of subsequent investments. In order to address social and environmental safeguards:

- the Hub will have a well-staffed, well-resourced social and environmental safeguards unit;
- the Hub will develop a strategy and action plan for addressing safeguards;
- the Hub will ensure that all Hub influenced activities are subject to safeguards that meet ADB and host country requirements.

Supporting Documents

Upload available ESS supporting documents.

Title

Submitted

Part III: Approval/Endorsement By GEF Operational Focal Point(S) And GEF Agency(ies)

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S): (Please attach the Operational Focal Point endorsement letter with this template).

Name

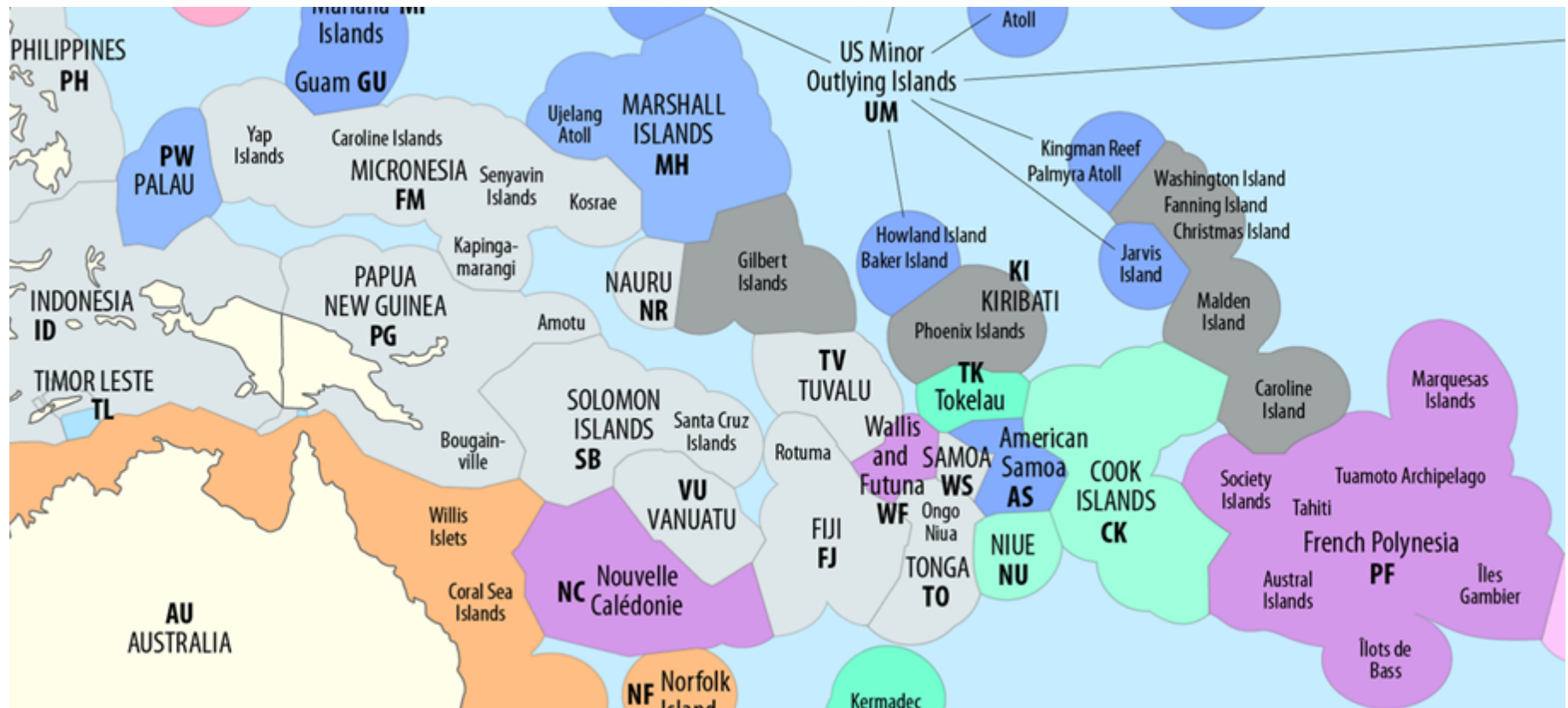
Position

Ministry

Date _____

ANNEX A: Project Map and Geographic Coordinates

Please provide geo-referenced information and map where the project intervention takes place



Map showing estimated exclusive economic zones (EEZs) of Pacific Island countries and Timor-Leste. NOT OFFICIAL. Source: Maximillian Dorrbecker, 2022.