Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E

United Nations Development Programme

PROJECT DOCUMENT

UNDP Maldives

Project Title: Transforming the Blue Economy with Maldives MSME Empowerment and Blended Finance
Project Number: 1003526
Implementing Partner: Capital Market Development Authority
Start Date: September 2024 **End Date:** September 2025 **PAC Meeting date:**

Brief Description

The Maldives' expansionary growth fueled by debt and concentrated on infrastructure development, has exerted significant pressure on the nation's natural capital, threatening the health of its critical ecosystems. This project addresses the need for sustainable resource management through a Blue Economy approach, recognizing that Micro, Small, Medium Enterprises (MSMEs) can play a pivotal role in this transition. By establishing a Blue Economy capacity building programme, the project aims to foster innovation and diversify economic activities with a specific emphasis on fostering investment against climate change adaptation by the private sector. The pilot blended finance program, developed through formal partnerships with financial institutions, seeks to service the financing gap for MSMEs, enabling them to scale and contribute to impactful interventions such as engaging in sustainable fisheries and marine biotechnology. Additionally, by strengthening research capabilities and implementing targeted policy reforms and guidelines, the project will create an enabling environment for MSMEs to thrive, ensuring that the Maldives' economic development is both resilient and aligned with the sustainable management of its natural resources. The project also emphasizes capacity-building for MSME development agencies and integrates global best practices, ensuring long-term sustainability and alignment with international environmental standards. Ultimately, it aspires to not only mitigate the environmental impacts of past growth models but also to position the Maldives as a regional leader in sustainable Blue Economy practices.

Contributing Outcome (UNSDCF, CPD, RPD): Indicative Output(s) with gender marker[1]:

Total resources required:		GBP 400,000
Total resources allocated:		GBP 400,000
	UNDP TRAC:	0
	FCDO:	GBP 400,000
	Government:	0
	In-Kind:	0
Unfunded:		0

Agreed by (signatures)[2]:

UNDP Resident Representative:	Adnan Cheema
Signature:	DocuSigned by: 7A11E308E3FE4ED...
Date:	13-Aug-2025

[1] The Gender Marker measures how much a project invests in gender equality and women's empowerment. Select one for each output: GEN3 (Gender equality as a principle objective); GEN2 (Gender equality as a significant objective); GEN1 (Limited contribution to gender equality); GEN0 (No contribution to gender quality)

[2] Note: Adjust signatures as needed

Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E

I. DEVELOPMENT CHALLENGE

1.1 Overview of Maldives economy, nature and livelihood linkage

The Maldives is a highly climate-vulnerable Small Island Developing State (SIDS) in the Indian Ocean, with over 99% of its territory consisting of ocean. Like many SIDS, its economy is narrowly diversified, relying heavily on high-end tourism and related sectors such as transport, construction, and financial services, which contribute nearly 40% of the national GDP[3]. Maldives' fisheries sector remains as one of the world leaders in sustainable extraction exclusively practicing traditional single-catch, pole-and-line, with most forms of trawling disallowed in the country. The industry is however susceptible to global price movements and domestic policies, and hence, has struggled to retain skilled workers and investment against the growing industrial and service sectors. The fisheries industry however remains important for peripheral livelihoods employing 10% of the domestic workforce.

Nature and biodiversity (particularly the country's coral reefs) are intricately linked to livelihood opportunities in the country. The Maldives has a significant natural asset base, including over 3% of the world's coral cover[4]. Its marine biodiversity is rich, with nearly 1,100 fish species, sharks, marine turtles, dolphins, whales, and a large variety of mangroves and seagrasses. These ecosystems, particularly coral reefs, are critical to the Maldives' resilience. The World Bank[5] estimates that without coral reefs, the Maldives would incur additional annual flood damages amounting to about 8% of the country's GDP. Natural capital forms the foundation of the Maldivian economy, with key sectors such as tourism and fisheries directly contributing to about half of GDP and employment. The profitability of Maldivian fisheries depends on the health of deep-sea fish stocks, which are directly influenced by the well-being of coral reef ecosystems. Tourism surveys indicate that nearly 80% of tourists visit for the beaches, while 60% come for underwater attractions.The health of these ecosystems are expected to contribute to about 60% of the country's overall productivity.

Since 2004, the Maldives has experienced remarkable economic growth, largely driven by its renowned tourism sector. During this period, real income per capita has increased by 40%, the Human Development Index (HDI) has improved by 16%, and poverty has fallen below 1%[6]. However, this growth model, often financed by debt and focused on infrastructure developments such as roads, harbours, and airports, has placed significant pressure on the country's natural ecosystems. Additionally, it has made the Maldives one of the most highly indebted SIDS in the world, with a debt-to-GDP ratio of 133% as of Q4 2024. The resulting fiscal situation has pushed the country to the brink of a macroeconomic crisis, leading to rating downgrades and effectively blocking access to international finance. Public expenditure on debt repayments is projected to reach a significant portion of government revenue by the end of 2024, severely limiting public sector investments.

Decades of over-reliance on tourism have also resulted in a bloated state sector, with public entities responsible for nearly 68% of formal employment (see Figure 1A, below), making the state the largest employer in the country. Inefficient public enterprises operate in virtually all major sectors, with several deemed financially unsustainable by the World Bank[7]. This has stifled the productivity and innovation typically driven by the private sector, particularly in Blue Economy sectors like eco-tourism and value-added fisheries. The crisis has also led to excessive borrowing by the public sector from domestic banks crowding-out the private sector. The heightened risk environment has made commercial financing difficult to access, especially for Micro, Small, Medium Enterprises (MSMEs), as banks have become more risk averse.

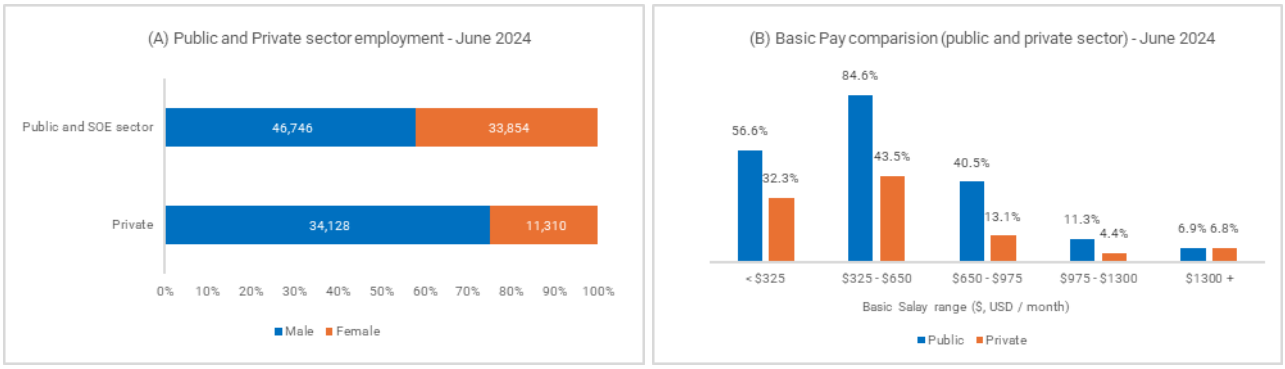
The government's MSME development agencies, including the Business Centre Corporation (BCC) for entrepreneurship development and the SME Development Finance Corporation (SDFC), face funding and human capacity constraints, further aggravated by the current financial crisis. These challenges hinder their ability to fulfil their mandates and support the growth and innovation necessary for sustainable economic development in the Maldives.

[3] Maldives Monetary Authority, Monthly Statistics June 2024.
[4] IUCN, Maldives coral reefs under stress from climate change
[5] World Bank (2024), Maldives Country Environmental Analysis
[6] UNDP Human Development Report 2024, Maldives
[7] World Bank 2023, Maldives Competitiveness and Growth Project for SOE Reforms

Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E

1.2 Potential of MSME sector as a counterweight to restore nature and fiscal health

Figure 1 – Employment Trends across sectors and gender

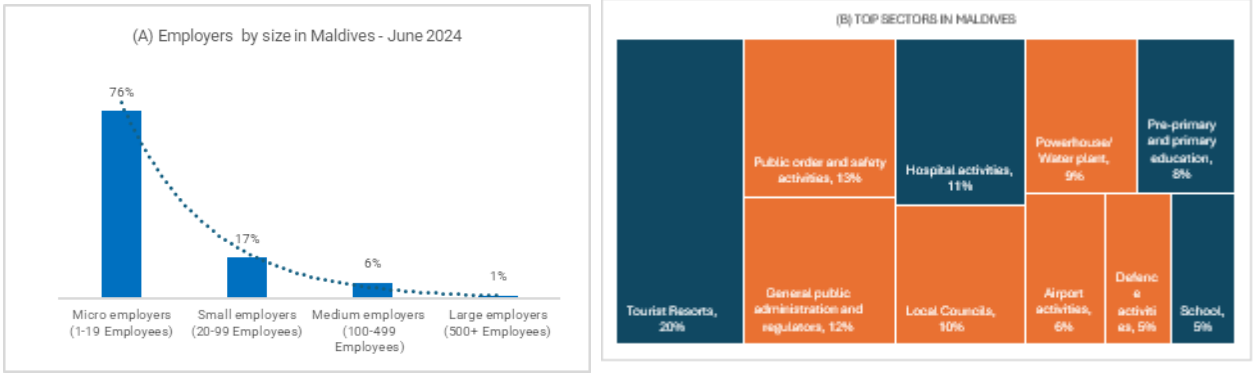


Source: Maldives Pension Administration Office, Employer Data (June 2024)

The private sector currently represents only 36% of formal employment (45,438 employees), and with only 25% of the workforce represented by the female workforce compared to 42% of the public sector. There is also a significant pay gap between the two sectors. The salary distribution across public and private sector reveals that 84.6% of public sector employees earn between $325 and $650, compared to 43.5% in the private sector. Additionally, 56.6% of public sector workers earn below $325, while just 32.3% of private sector employees fall into this lower bracket. Both sectors have a similar proportion of high earners, with around 7% earning more than $1300. Strengthening the role of private enterprise ecosystem can increase both total employment and address, pay gaps with women most likely to benefit as there is tremendous scope for improving female participation in private sector.

1.3 Challenges to MSME sector growth, and their ability to contribute to sustainability linked sectors in Maldives

Figure 2 – MSME development and diversity in Maldives



Source: Maldives Pension Administration Office, Employer Data (June 2024)

The sector currently faces several challenges which needs to be addressed through targeted interventions.

MSMEs in the Maldives struggle to reach critical mass, but incubation services can help upscale these enterprises. Available data (see Figure 2-A) shows that the MSME financing ecosystem is largely failing to convert micro and small enterprises (both public and private) into medium and large entities. Nearly 93% of all enterprises are classified as micro and small employers (1-99 employees), while only 7% are considered medium to large employers (above 100 employees). This indicates a significant bottleneck in enterprise development, commonly referred to as the "missing middle," where MSMEs fail to scale up and achieve critical mass, resulting in a poor success rate. Large enterprises remain concentrated in bigger industries, while MSMEs continue to face high failure rates. Business incubation services are crucial in supporting MSMEs from the ideation stage to becoming market ready.

MSMEs also lack diversity, and fostering innovation in Blue Economy sectors can help address this challenge. Limited growth and diversity among MSMEs pose a major obstacle to innovation-led economic diversification and value addition in the Maldives. Data (see Figure 2-B) reveals that tourism dominates nearly 20% of the top 10 sector employment in the Maldives, while around 55% of employment comes from public sub-sectors such as defence, public administration, and local councils, which are largely government-controlled with minimal private sector involvement (marked in orange, Figure 2B). Typical Blue Economy sub-sectors, such as sustainable fisheries and aquaculture,

Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E

marine biotechnology, renewable energy, maritime transportation, marine and coastal ecosystem services, water resource management, and coastal management, are not well-established in the Maldives.

The dominant tourism industry focuses on high-end tourism through the construction of luxury properties on pristine islands. A recent World Bank study suggests a transition to ecotourism models that ensure minimal environmental impact and contribute to the preservation of the Maldives' natural capital. The same study also recommends strengthening sustainable coastal fisheries management, supporting alternatives for live bait in tuna fishing, exploring diversification opportunities (including domestic mariculture), and conducting comprehensive value-chain analyses in the sector to identify challenges and opportunities for innovation. However, MSME-focused innovation programs are currently not formalized or available in the Maldives.

Risk aversion is inhibiting financing for MSMEs, but blended financing can help unlock private capital. One of the biggest challenges faced by MSMEs is the lack of financing to pursue innovative business ventures. According to the World Bank[8], the number of loan accounts in the Maldives averaged 1,945 between 2015-2019, while the number of deposit accounts averaged almost 50,000, illustrating the limited use of loan facilities by businesses. In the Maldives, credit to the private sector from commercial banks stands at 33% of GDP (June 2024), compared to 80% for regional peers such as Malaysia, Thailand, Mauritius, Sri Lanka, Samoa, and Fiji. Data for 2024 published by MMA[9], the Banking regulator show that as of June 2024, 66% of all commercial loans were to tourism, real estate and construction sectors, while sectors such as fisheries received 0.8% of financing through the banking system. This highlights the significant challenge of securing financing for these areas in the Maldives. Recent macroeconomic challenges have further constrained bank lending to the private sector, with bank loans to private sector growing by a mere 5% in the first six months of 2024. The Maldives currently lacks a formalized program for blended financing to address these challenges.

Conventional lending products in the Maldives are not aligned with national nature and biodiversity targets, but ESG standards could provide a common language to translate private sector contributions into national goals. Despite the government's strong climate and biodiversity ambitions, such as preserving 30% of its ocean territory as Marine Protected Areas and achieving 30% renewable energy in its energy mix by 2030, banks in the Maldives still offer conventional lending products without incorporating sustainability-linked criteria. There is no mainstreaming of these goals into lending practices.

However, there are signs of change. UNDP is in the final stages of developing an ESG framework for the listed corporate sector, while the Maldives Monetary Authority (MMA), the banking regulator, is also finalizing a green taxonomy. This taxonomy could define future sustainability-linked lending products for the financial sector, aligning financial practices with the country's environmental goals.

With the shrinking fiscal space, the need to invest in mobilizing private sector resources towards adaptation is a necessity. As a country that is vulnerable to multiple climate hazards, including flooding and gradual sea level rise, Maldives is expected to bear losses and damages ranging from USD 400m to USD 800m per year between 2020 and 2050. The annual investment requirement to safeguard its coasts is estimated to come to USD 300m per year[10]. With a Debt to GDP exceeding 133% in Q14 of 2024[11], the prospects of meeting these financing requirements through public resources over the medium term seem limited. Channelling investment into the Blue Economy, such as coral positive businesses, resilient fisheries, and sustainable tourism are highly prospective to meet demands, yet remain relatively unexplored. Limited localization of expertise, absence of commercial success stories and the high cost of R&D are among the inhibiting factors that UNDP has identified as challenges to mobilize adaptation financing in the Blue Economy space. UNDP is working with the Global Fund for Coral Reefs (GFCR) to address some of these skill, knowledge and financing gaps.

[8] World Bank, 2019: Financial Inclusion in the Maldives

[9] MMA Monthly Statistics, Loans issued to private sector, July 2024

[10] UNDP, 2023: Development Finance Assessment for Maldives

11 Ministry of Finance, 2024: Q1 Debt Bulletin

Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E

II. STRATEGY

2.1 THEORY OF CHANGE

2.1.1 Enabling Access to Finance for Innovative Businesses and Sustainable Practices

While the solvency position of domestic banks remain relatively stable, lending to the private sector in Maldives remain low, with 60% of bank assets held in government securities and loans. This situation of extreme crowding out has let to IFIs referring to the financial market as in a sovereign banking nexus". The total loans issued by the financial industry to the private sector in 2024 was USD 2.1 billion of which USD 1.1 billion was for the luxury tourism industry and USD 900 million was personal loans and credit card loans. Whereas the total exposure of the financial industry to the government in 2023 was USD 3.6 billion – including loans, T-bills and bonds. This is 70% higher than the total lending to the private sector. While official figures for MSME lending do not exist, from the above, we can get a sense that approximately only 2% of lending by the financial sector could have gone to MSMEs, which is approximately USD 129 million - of which USD 97.2 million (75%) is channeled through the state-owned SME Development Finance Corporation. Through conversations with Banks, we have come to identify that Bank perception on lending to MSMEs and specifically innovative MSMEs that require sunk expenditure on research and development (a nascent blue economy) does not match the average expected returns from investing in government. Reserves are maintained at well above required levels and the central bank has accumulated a large voluntary reserve - a worrying sign of market pessimism.

To alleviate these pressures and garner a more favorable outlook for MSME lending, UNDP has partnered with the Capital Market Development Authority (CMDA) to establish a Joint Financing Facility to derisk investment in Blue Economy Businesses. The facility, which will be housed under the market development division of CMDA, will partner with Banks, lenders and investors to derisk financing for sustainable blue economy businesses. An initial trial of this facility is being developed leveraging derisking finance through the Joint Finance Facility and bring expected returns above par with the conventional lending returns available to Banks. Emphasis will be placed on financial access for the peripheries, women and marginalized groups, with the facility prioritizing spending against a whitelist of qualifying expenditures, with a higher proportion gaining preference. This whitelist will be designed against international blue economy guidelines and the country's own Green Taxonomy which is designed against the principles based approach for green taxonomies.

2.1.2 Capacity Development to improve the Bankability of Blue Economy Projects

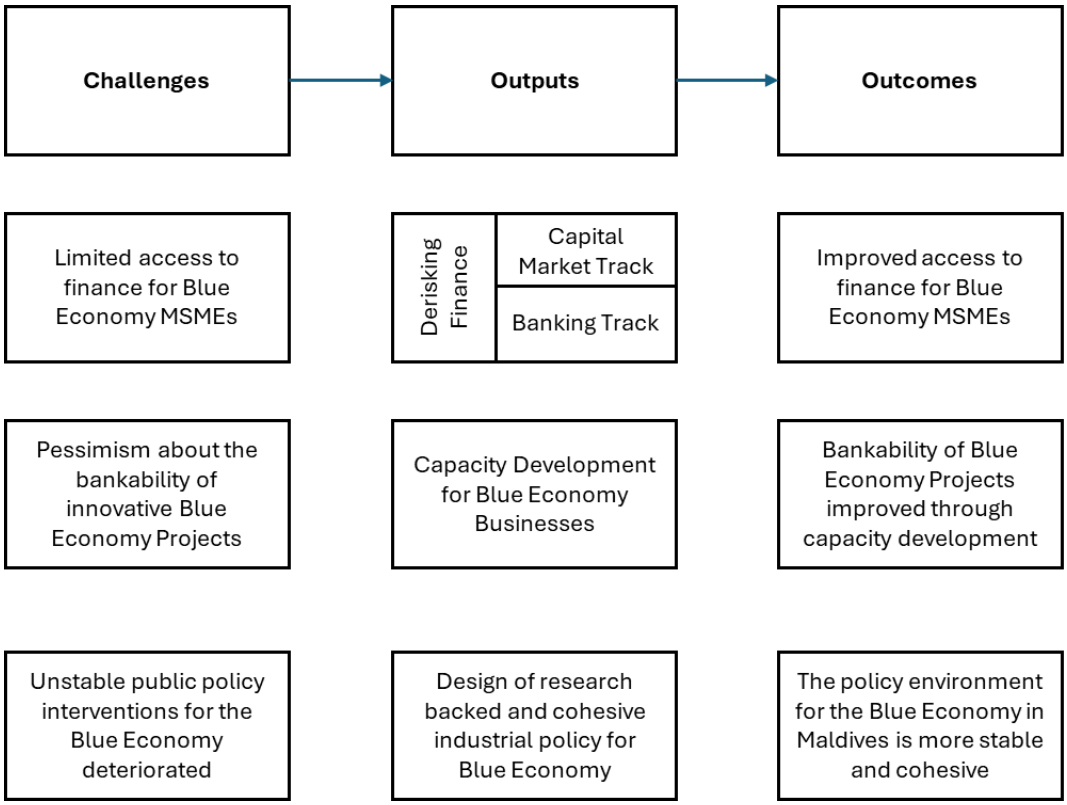
From our interviews, market pessimism is a driven by lending experience and performamance deficiencies. The narrow scope to innovate has led to a static market, both in supply chain practices and technology adoption. In addition to enabling access to markets, as a pilot project to establish a blue investment pipeline, active interventions have been planned to skill prospective borrowers with the necessary business management skills, research skills and access to markets. In this regard, and leveraging UNDP's partnership with the Ministry of Economic Development and Trade (MEDT), the Business Center Corporation (BCC) and SDFC, we will develop and roll-out a curriculum for Blue Economy Capacity Development which will be institutionalized in the ongoing state-led accelerator programme.

2.1.3 Developing a more cohesive Policy Environment for Blue Economy MSMEs in Maldives

Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E

Maldives consumed about 10% of the tuna it produces exporting the remaining 90%, with fish exports comprising about 90% of the country's goods exports. Value addition in the fisheries sector remains low with over 80% of the country's fish exports seeing minimal value addition in 2024. This has led to its contribution to growth declining from 32% in 2002 to just over 6% in 2024. The growth of the industry is inhibited by a subsidy-like price floor, which at 2023, stood at USD2.1 per per KG for Skipjack Tuna, which comprises a little over 70% of Maldives' fish catch. This practice of price fixing has been a concern for fish processors, which was echoed by the industry in the UNDP supported Tuna Think Tank Workshop that took place in February 2025. Since 2023, the price floor has been brought down to USD 1.5, which is still above competitive rates. Policy Instability has led to the industry losing about half of its catch, and these concerns have also manifested downstream in the fisheries value chain. We saw in 2024, the industry declined in its purchasing capacity to the tune of 42,000 metric tonnes. Stable policy will remain key as the country strategizes to revive its sustainable fisheries industry.

In 2022, UNDP supported the development of a Economic Research Lab in the Ministry of Economic Development. Under this project and through the lab, we will be exploring strategies and insutrial policy prescriptions for the fisheries sector, leveraging concessions allowed through multiple free trade agreements and preferential trade agreements signed between Maldives and its trade partners. Emphasis will be placed on how the industry can access preferential rates earmarked for certified sustainable value chains by leveraging sustainability premiums thereby bridging the price gap between Maldives and industrial trawling markets. In addition to a comprehensive review of trade preferences, this policy will also include guidelines for MSMEs with an exploration of global supply chains and value chains.



Expected UNDAF/CP Outcome(s): 1

Expected CPD Output(s): 1.1, 2.1 Results and Partnerships

Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E

Expected Results

Outcome 1: An established Blue Economy Incubation and Acceleration Service accelerates innovation and strengthens MSME growth through strategic partnerships with MSME mandate holders in the Maldives

Output 1.1: Develop the business case of a Blue Economy Incubator including the design of its services offerings.

In collaboration with the Capital Market Development Authority, key financial intermediaries and Banks, UNDP will take the lead in developing and launching a Blue Economy Capacity Development Programme. This programme will be designed for and early-stage SMEs. SMEs will be identified for the programme through direct collaboration with financial intermediaries and by leveraging their portfolios and credit review processes. Special encouragement will be given to entrepreneurs in the peripheries, youth and women-led enterprises, given that they remain under serviced in the formal sector. Special encouragement will also be given to projects that enable climate change adaptation and those that propose alternative climate resilient designs.

The program's curriculum will be developed and delivered by derisking finance specialist over four months. The curriculum will adhere to international best practices, ensuring that graduating firms meet the expectations of both international accelerator networks and domestic financial institutions. It will cover critical areas such as business model development, opportunities in the blue economy, financial planning, market analysis, and sustainability practices. Specific support will be provided to refine business models, improve service offerings, and enhance products to appeal to customers and potentially the export market. The program will draw inspiration from the evolving designs of successful models, such as those used by Y Combinator and Techstars, which have demonstrated success in coaching Maldives-led ventures. Lessons will also be drawn from the experience of the Accelerator Lab in the Maldives and the global Accelerator Lab project, which highlight the importance of locally driven innovation and the need to leverage grassroots solutions to address complex development challenges. UNDP will prioritize the transfer of knowledge in creating and implementing the program to enhance the capacities of entrepreneurship development agencies, ensuring the program's sustainability through national SME development agencies and academic institutions. Therefore, staff from these agencies will be invited to participate in designing and delivering the program.

Output 1.2: Establish a Blue Economy mentorship program, facilitate access to accelerator networks and global standards on sustainability.

SMEs enrolled in BEIP will receive continuous support from the expert who will serve as the business coach throughout the incubation period. These mentor will ensure that participants adhere to the curriculum, reviewing and approving the work completed by the ventures. They will also facilitate access to broader internal and external networks, providing appropriate exposure to the larger Blue Economy ecosystem. This will include one-on-one coaching sessions, group workshops, and peer-to-peer learning opportunities. The mentor will also assist SMEs in identifying and applying for relevant funding opportunities and partnerships. As part of the mentorship program, UNDP will also facilitate access to knowledge products related to Blue Economy innovation ecosystems. This will ensure that participants are acquainted with the latest global trends in this space and understand how supply chains are aligned with global sustainability standards.

Outcome 2: A pilot blended finance program for the Blue Economy is established to leverage financing for scaling up MSMEs, with formal partnerships with financial institutions in the Maldives to create enabling conditions for large-scale financing instruments.

Output 2.1: Establish a pilot blended finance program with formal partnership with financial institutions

Under this output, UNDP will formalize partnerships with financial institutions in the Maldives through a joint financing facility established with CMDA. The venture will aim to address the risk gap in lending to sustainable blue economy business ventures in the Maldives, particularly innovative ideas with high research costs. The overall targets of the facility are to:

1. Enhance the availability of concessional financing for innovative blue economy enterprises
2. Encouraging alignment of business practices with international and local sustainability standards.

Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E

3. Fostering growth of overall venture capital and start-up ecosystem in the Maldives, through innovation and productivity, to increase participation of private sector in Maldives development.

The blended finance Scheme is structured around two main tracks, delivered through a Joint Financing Facility (JFF) established by UNDP Maldives in collaboration with a financial regulator in the Maldives. All financial incentives provided under the scheme will be issued and managed by this facility.

Track A: Financial Market Track

Under this track, UNDP partners with registered banks in the Maldives to provide financial incentives (via SFF) directly to Banks, for issuing concessional loans to businesses in start-up and expansionary phases.

Eligible businesses must apply directly through partner banks and must be a legally registered business in the Maldives. Not-for-profit entities are not eligible to participate in this track.

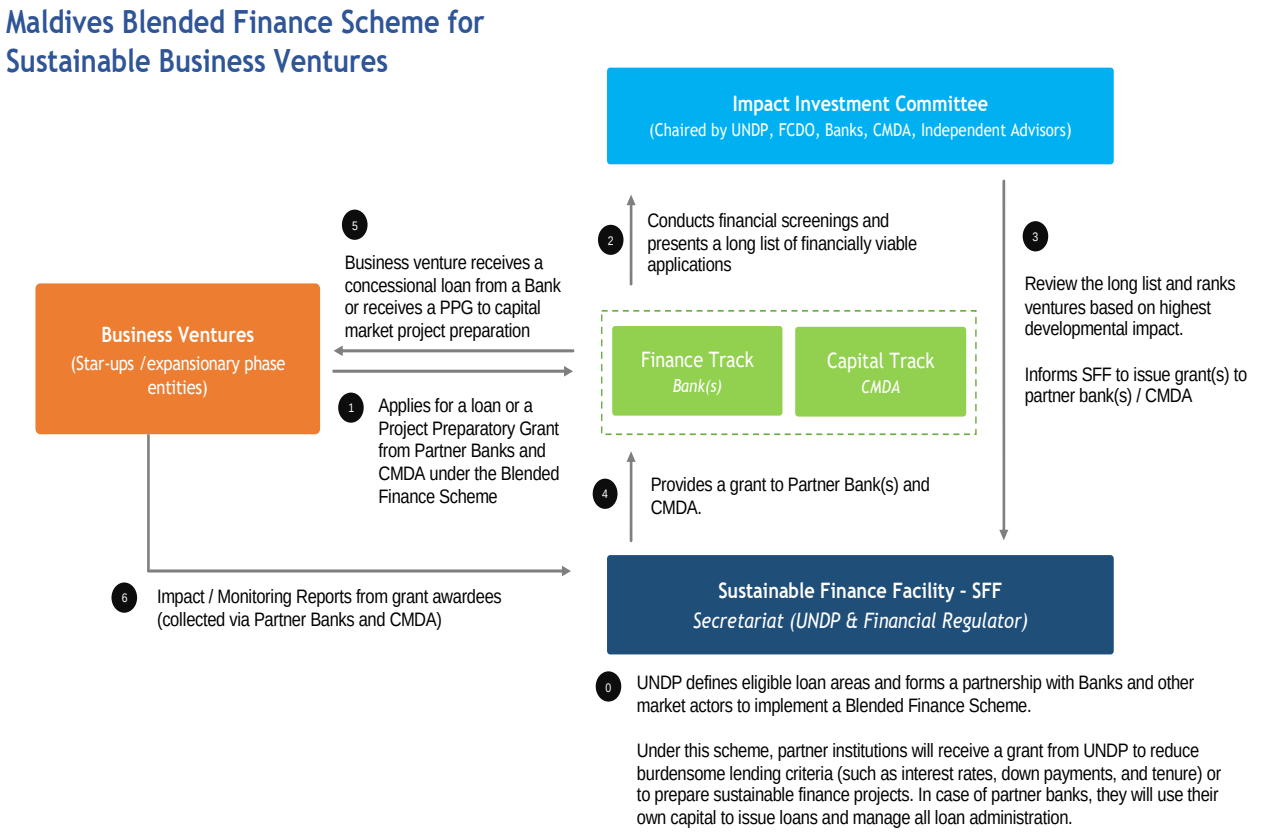
Track B: Capital Market Track

Under this track, UNDP will partner with Capital Market Development Authority (CMDA), to provide financial assistance for Project Preparatory Proposals via the SFF, for sustainable finance projects for listing on the Viyana Platform, as defined in Section 8. Applicants must apply for PPG, directly through CMDA.

Applicants must be a legally registered businesses in Maldives. Not-for-profit entities are not eligible to apply.

Process Flow

The below process outlines how the JSF will be operationalized, and how the financial incentives under the program would be deployed.



Financial Incentives

The financial incentives under this scheme are structured as follows: a USD 5,000 contribution for projects below USD 20,000 (or MVR equivalent) and a USD 15,000 contribution for projects above USD 20,000 (or MVR equivalent). All financial incentives provided by UNDP through the SFF will be in United States Dollars.

Formalizing Partnerships

Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E

To formalize a partnership, participating banks are required to propose specific concessional lending terms they will offer to loan applicants in exchange for the financial incentives from JFF, as below.

- Reduced interest rates
- Extended grace periods
- Lower equity requirements

Banks may choose to implement one or a combination of the above measures based on the financial incentives provided by SSF. Upon agreeing to the terms, the partnership will be formalized by signing an MOU with the Financial Regulator, designating the bank as a formal partner institution with JFF. Financial incentives by the JFF will be awarded on a first-come, first-served basis.

Output 2.2: Supporting the issuance of blue finance instrument for MSMEs

By building a bankable portfolio of MSMEs under outputs 1.1 and 2.1, UNDP will work with financial institutions in the Maldives to design a Blue Finance domestic instrument. This instrument can be issued by financial sector entities (or a special purpose vehicle) to raise financing from the domestic capital market to scale up SME projects in Blue Economy sectors. Financing raised through this mechanism will be channeled towards large-scale expansionary projects pursued by multiple MSMEs. The Maldives already has domestic platforms, such as the "Viyana Platform" of the Maldives Stock Exchange, which can be used to raise domestic financing from institutional investors, such as pension funds. UNDP will collaborate with capital market regulators, financial institutions, and the stock exchange to build a portfolio of bankable MSME projects that are market-ready, have a positive impact on Blue Economy sectors, and are scalable to absorb commercial capital

Outcome 3: Strengthened Blue Economy research capabilities and targeted reforms foster an ecosystem conducive to the growth of a thriving MSME sector.

Output 3.1: Generate evidence for investment prospects in the Blue Economy and address crucial inhibiting factors for Blue Economy Financing

Under this activity, UNDP will support the Ministry of Economic Development, which holds the mandate for MSME development, in enhancing Blue Economy research capacities by strengthening the Economic Research Center (ERC), established under a UNDP grant in 2022. UNDP will provide technical expertise to develop a research paper that will conduct a comprehensive value-chain analysis in Blue Economy sectors, identifying challenges and opportunities for innovation. The paper will also provide policy recommendations to enable the MSME sector to better contribute to the Blue Economy and the overall sustainable management of natural resources in the Maldives.

Resources Required to Achieve the Expected Results

- Personell: Project Manager and Project Administrative Officer
- Technical Consultant: Derisking Finance Specialist
- Implementing Partners: Capital Market Development Authority and Ministry of Economic Development and Trade.
- Other Partners: Banks, Maldives Stock Exchange, Line Ministries, SME Development Partners
- BRH Support: Derisking Finance (guarantees) Specialist, Blue Finance Specialist, Sustainable Debt Specialist
- Outreach: Outreach to ensure peripheral reach for applicants to the Joint Financing Facility

Note: Resource requirements detailed under workplan

Partnerships

- Roles of CMDA as the Key Implementing Parnter:

Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E

CMDA will be the key implementing partner for Outcome 1 and Outcome 2. The institution will host the the Joint Financing Facility and ensure the effective participation of Banks in the initiative by negotiating and mobilizing the catalytic funding made available through the project. CMDA will also be the key institution working to build business bankability by leading the development and delivery of the capacity development curriculum for Blue Economy SMEs. They will further be entrusted with the outreach programme to ensure locals and especially the peripheries are made aware of the opportunities under the facility. CMDA's position as the national securities exchange commission will also be essential to coordinating with stakeholders in the equities and debt markets and to ensure an enabling environment for the issuance of debt instruments.

- Roles of MEDT as the Key Implementing Parnter:

MEDT will be responsible for outcome 3. The Economic Research Center will ensure that the necessary trade data and networks are made accessible to the research team while also ensuring the coordination of stakeholder discussions with both domestic and international stakeholders in the supply chain. MEDT will need to identify outstanding knowledge and supply chain gaps (reflecting on tariff and trade data) and ensure that records of bilateral and multilateral agreements and negotiations are available for review. Key to successful implementation will be an exploration of downstream challenges including structural, macroeconomic and value chain vulnerabilities. The exploration will be centered around the theme of fisheries trade and hence, national stakeholders and data holders will need to be brought into the discussion.

Risks and Assumptions

- *Specify the key risks that can threaten the achievement of results through the chosen strategy and the assumptions on which the project results depends. Describe how project risks will be mitigated, especially how potential adverse social and environmental impacts will be avoided where possible and otherwise managed. Refer to the full risk log, which should be attached as an annex.*

Stakeholder Engagement

- Blue Economy SMEs: An outreach programme will be implemented through the Joint Financing Facility (CMDA) to ensure that maximum visibility for the opportunity. Furthermore, partnered banks and the Stock Exchange will bilaterally advertise the opportunity.
- Seafood processors and Exporters and Fishermen: UNDP and the Asian Development Bank held a Tuna Think Tank in July and has a network of Seafood Processors and Exporters that are willing to support the initiative. Domestic Fisheries actors were also part of the discussion and have indicated their support for institutional strengthening and expanded opportunities.
- Government Policy Makers: Existing partnerships will be leveraged (including those developed through our recent engagement on reef insurance) to ensure broad reach in consultations.
- Banks: Communications and meetings have already been had with all of the banks in the Maldives with a consumer window (all eligible banks). They are aware of the opportunity and most have already

Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E

South-South and Triangular Cooperation (SSC/TrC)[12]

- *Not Applicable*

Digital Solutions[13]

- *Not Applicable*

Knowledge

- The project will produce advice on blue economy trade, including guidelines for market and supply chain access. Of specific concern will be the multiple Preferential Trade Agreements and Free Trade Agreements to which Maldives is a party. It is the intent of the project to design these documents in accordance with publication standards with intent to explore university partnerships to ensure high standards and visibility. The content developed will also be made available through UNDP CO website and as a national guideline through the Ministry of Economic Development and Trade and their MSME development arm, Business Center Corporation. It will also be broadly made available through banks and other financial institutions.

Sustainability and Scaling Up

- The project is a pipeline discovery and development project for sustainable finance. Serving as a catalyst and proof of concept for complex financial derisking for a very underserviced industry, we expect natural momentum to drive its sustainability. Furthermore, its impact will also lay the groundwork for future issuances of sustainable debt and equity by putting the structures in place, for the first time, in the capital market of Maldives
- The JFF can also be activated in the future as philanthropies explore investment pipelines for Maldives. It will ready the country to absorb future sustainable finance from impact funds since the prerequisite structures for such resources will be set in place.

III. PROJECT MANAGEMENT

Cost Efficiency and Effectiveness

The programme will strengthen its cost efficiency and effectiveness in a variety of ways:

1. The project will be supported through the UNDP corporate architecture to ensure the team is kept informed of global best practices. UNDP standards in procurement and implementation ensure effectiveness and quality because of quick, transparent and responsive processes. The project will continue to leverage other UNDP programmes and will continue to both inform and learn from these initiatives.

2. UNDP country offices have strong partnerships with respective governments and have developed strategic relationships with Ministries of Finance, Ministry of Economic Development and other line ministries through support of SDG financing, climate finance and other governance reform projects.

[12] *Please see Considerations for South-South and Triangular Cooperation Design, Implementation, and Documentation.*

[13] *Please see the Guideline "Embedding Digital in Project Design".*

Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E

3. UNDP will use ongoing projects as vehicles for implementation. UNDP will draw linkages with other programmes such as the GFCR project to deepen the sustainability of reforms.

4. A portfolio approach will be adopted for implementation which will reduce risks and transaction costs, as well as create opportunities for further reform.

5. By building upon the already established relationships and successes of the programmes in the UNDP CO portfolio, start-up costs will be reduced and overall effectiveness enhanced.

Project Management

The project will be operationalized in Malé given that both key institutional partners and all of the financial intermediaries are located in the capital. Banking branches will be used to access the peripheries alongside key institutional partners of UNDP operating in prospective areas -including Business Centers working with the MEDT and municipal administrations working with the GFCR project. The project will be based in UNDP CO with a supplementary consultant posted at the Joint Finance Facility in CMDA. The project will be audited as per the relevant fiduciary regulations of UNDP.

Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E

IV. RESULTS FRAMEWORK[14]

Project Outputs	Activity Results	Indicator No	Indicators	Baseline (Year)	Target for 2025	Target for end of project (Year)	Data Collection Methods	Time or, Schedule or Frequency	Responsibility	Means of Verification: Data source and type	Risks
Output 1: An established Blue Economy Incubation and Acceleration Service accelerates innovation and strengthens MSME growth through strategic partnerships with MSME mandate holders in the Maldives	**Activity Result 1.1: Develop the business case of a Blue Economy Incubator including the design of its services offerings.**	1.1.1	# of formal blue economy incubator programs launched	0	1	2025	Record Views	Annual	Project Manager	UNDP Internal Documentation	Narrow pool of experts holding experience with Blue Economy, SIDS and MSMEs
		1.1.2	# of MSMEs training workshops	0	4	2025	Record Views	Annual	Project Manager	UNDP Internal Documentation	Narrow pool of experts holding experience with Blue Economy, SIDS and MSMEs
		1.1.3	# of MSMEs trained, of which at least 40% are owned partially or completely owned by women and/or Youth and/or PWDs. Ensure at least 40% are not from the capital and/or from groups that have difficulty in accessing finance.	0	50	2025	Record Views	Annual	Project Manager	UNDP Internal Documentation	Narrow pool of experts holding experience with Blue Economy, SIDS and MSMEs
	Activity 1.2: Establish a Blue Economy mentorship program, facilitate access to accelerator networks and global standards on sustainability.	1.2.1	# of blue economy mentorship programs established	0	1	2025	Record Views	Annual	Project Manager	UNDP Internal Documentation	Narrow pool of domestic experts in sustainable blue economy
		1.2.2	# of mentorship sessions conducted for MSMEs of which at least 40% are owned partially or completely owned by women and/or Youth and/or PWDs. Ensure at least 40% are not from the capital and/or from groups that have difficulty in accessing finance.	0	25	2025	Record Views	Annual	Project Manager	UNDP Internal Documentation	Narrow pool of domestic experts in sustainable blue economy
Output 2: A pilot blended finance program for the Blue Economy is established to leverage financing for scaling up MSMEs, with formal partnerships with financial institutions in the Maldives to create enabling conditions for large-scale financing instruments.	**Activity Result 2.1: Establish a pilot blended finance program with formal partnership with financial institutions**	2.1.1	# of formalised blue economy blended finance mechanisms established.	0	1	2025	Record Views	Annual	Project Manager	UNDP Internal Documentation	FIs have communicated relative unfamiliarity with the area
		2.1.2	# of blended finance solutions provided.	0	10	2025	Record Views	Annual	Project Manager	UNDP Internal Documentation	FIs have communicated relative unfamiliarity with the area
	Activity Result 2.2: Supporting the issuance of blue finance instrument for MSMEs	2.2.1	# of feasibility studies for issuance of a blue bond	0	1	2025	Record Views	Annual	Project Manager	UNDP Internal Documentation	Public and macroeconomic stress expected to effect feasibility
		2.2.2	# of blue bond issuance documents	0	1	2025	Record Views	Annual	Project Manager	UNDP Internal Documentation	Public and macroeconomic stress expected to effect feasibility
Output 3: Strengthened Blue Economy research capabilities and targeted reforms foster an	**Activity Result 3.1:**	3.1.1	# of blue economy MSME financing studies conducted	0	1	2025	Record Views	Annual	Project Manager	UNDP Internal Documentation	Partner familiarity with Blue Economy is a potential concern

[14] UNDP publishes its project information (indicators, baselines, targets and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audience clearly understand the results of the project.

Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E

V. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans: *[Note: monitoring and evaluation plans should be adapted to project context, as needed]*

Monitoring Plan

Indicator No	Indicators	Baseline (Year) 2024	Target for 2025	Target for end of project (Year)	Data Collection Methods	Time or, Schedule or Frequency	Responsibility	Means of Verification: Data source and type
1.1.1	# of formal blue economy incubator programs launched	0	1	2025	Record Views	Annual	Project Manager	UNDP Internal Documentation
1.1.2	# of MSMEs training workshops	0	4	2025	Record Views	Annual	Project Manager	UNDP Internal Documentation
1.1.3	# of MSMEs trained, of which at least 40% are owned partially or completely owned by women and/or Youth and/or PWDs. Ensure at least 40% are not from the capital and/or from groups that have difficulty in accessing finance.	0	50	2025	Record Views	Annual	Project Manager	UNDP Internal Documentation
1.2.1	# of blue economy mentorship programs established	0	1	2025	Record Views	Annual	Project Manager	UNDP Internal Documentation
1.2.2	# of mentorship sessions conducted for MSMEs of which at least 40% are owned partially or completely owned by women and/or Youth and/or PWDs. Ensure at least 40% are not from the capital and/or from groups that have difficulty in accessing finance.	0	25	2025	Record Views	Annual	Project Manager	UNDP Internal Documentation
2.1.1	# of formalised blue economy blended finance mechanisms established.	0	1	2025	Record Views	Annual	Project Manager	UNDP Internal Documentation
2.1.2	# of blended finance solutions provided. of which at least 40% are owned partially or completely owned by women and/or Youth and/or PWDs. Ensure at least 40% are not from the capital and/or from groups that have difficulty in accessing finance.	0	10	2025	Record Views	Annual	Project Manager	UNDP Internal Documentation
2.2.1	# of feasibility studies for issuance of a blue bond	0	1	2025	Record Views	Annual	Project Manager	UNDP Internal Documentation
2.2.2	# of blue bond issuance documents	0	1	2025	Record Views	Annual	Project Manager	UNDP Internal Documentation
3.1.1	# of blue economy MSME financing studies conducted	0	1	2025	Record Views	Annual	Project Manager	UNDP Internal Documentation

Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E

VI. MULTI-YEAR WORK PLAN [15][16]

All anticipated programmatic and operational costs to support the project, including development effectiveness and implementation support arrangements, need to be identified, estimated and fully costed in the project budget under the relevant output(s). This includes activities that directly support the project, such as communication, human resources, procurement, finance, audit, policy advisory, quality assurance, reporting, management, etc. All services which are directly related to the project need to be disclosed transparently in the project document.

Period[17]: September 2024 – September 2025

All figures converted using the United Nations Operational Rate of Exchange (USD to GBP = 0.78), retrieved on 15th August 2024[18]

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Timeline				2024/2025		
	List of activity results and associated actions	Q1 Sep - Nov	Q2,Q3,Q4 Dec-September	Responsible Party	Budget Description	FCDO (USD)	Total (USD)	Remarks
Outcome 1: An established Blue Economy Incubation and Acceleration Service accelerates innovation and strengthens MSME growth through strategic partnerships with MSME mandate holders in the Maldives								
Output 1.1: Develop the business case of a Blue Economy Incubator including the design of its services offerings. **Baseline:** 0 formal blue economy incubator programs Indicators: # formal blue economy incubator programs launched # of MSMEs training workshops # of MSMEs trained **Targets:** 1 formal blue economy incubator	1.1.1 Blue Economy incubator program curriculum/content and design	x		UNDP/MSME Agencies	International consultancy fees (2 international consultants), workshops, cost of travel	80,000.00	80,000.00	UNDP contribution towards Output 1.1 will be resourced through Output 2.2 of the GFCR project. These resources will be active over the 2025/2026 cycle for continuity. Output 2.2 [GFCR] Coral-positive business incubator financing mechanism for generating new businesses led by SMEs within the pilot atolls and LNOB category under GFCR.

[15] Cost definitions and classifications for programme and development effectiveness costs to be charged to the project are defined in the Executive Board decision DP/2010/32

[16] Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs require a formal budget revision that must be signed by the project board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.

[17] Maximum 12 months

[18] UN operational rates of exchange - https://treasury.un.org/operationalrates/OperationalRates.php

Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E

programmess launched 4 MSMEs extended training workshops 50 MSMEs trained of which at least 40% are owned partially or completely owned by women and/or Youth and/or PWDs. Ensure at least 40% are not from the capital and/or from groups that have difficulty in accessing finance. **Related CP outcome: 1.1**	1.1.2 Blue Economy incubator program launch and program delivery	x	x	UNDP/ MSME Agencies	Local consultancy fees (1 consultant, 1 administrative assistant), workshops and overheads	73,421.81	73,421.81	Values represent a 16 Month programming cycle. Techincal Consultant - approx. 37500 P/A Adimnistrative Assistant at - approx. 18000 P/A
Output 1.2: Establish a Blue Economy mentorship program, facilitate access to accelerator networks and global standards on sustainability. **Baseline**: 0 blue economy mentorship programs established **Indicators**: # of blue economy mentorship programs established **Targets**: 1 of blue economy mentorship programs established 25 one to one mentorship advise provided to MSMEs of which at least 40% are owned partially or completely owned by women and/or Youth and/or PWDs. Ensure at least 40% are not from the capital and/or from groups that have difficulty in accessing finance. **Related CP outcome: 1.1 & 2.2**	1.2.1 Development of blue economy mentorship program	x	x	UNDP/ MSME Agencies	International consultancy fee	10,000.00	10,000.00	
	1.2.2 Facilitating access to regional blue economy networks and knowledge platforms	x	x	UNDP/ MSME Agencies	Subscription fees, cost of travel (for MSMEs) to attend foreign incubator programs.	10,000.00	10,000.00	
Outcome 2: A pilot blended finance program for the Blue Economy is established to leverage financing for scaling up MSMEs, with formal partnerships with financial institutions in the Maldives to create enabling conditions for large-scale financing instruments.								

Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E

Output 2.1: Establish a pilot blended finance program with formal partnership with financial institutions **Baseline:** 0 formalised blue economy blended finance mechanisms **Indicators:** # of formalised blue economy blended finance mechanisms established. # of blended finance solutions provided. **Targets:** 1 of formalised blue economy blended finance mechanisms established 10 of blended finance solutions provided. of which at least 40% are owned partially or completely owned by women and/or Youth and/or PWDs. Ensure at least 40% are not from the capital and/or from groups that have difficulty in accessing finance. **Related CP outcome: 1.1 & 2.2**	2.1.1 Formalising partnerships with financial institutions in Maldives for launching a BE blended finance loan program - Determine eligibility criteria and sectors - Formalization of partnerships with Banks - Call for proposals and selection of participants - Launch of the blended finance program - Issuance of grants and incentives	x	x	UNDP/banks	Disbursement of 10 grants in Year 1, and 25 Grants in Year 2. (approximately $20,000 concession value per grant)	213,363.82	213,363.82	UNDP contribution towards Output 2.1 will be resourced through Output 2.2.1.3 of the GFCR project. Output 2.2.1.3 [GFCR] for loans under the blue economy window of the GFCR project

Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E

Output 2.2: Supporting the issuance of blue finance instrument for MSMEs **Baseline:** 0 feasibility studies for issuance of a blue bond **Indicators:** # of feasibility studies for issuance of a blue bond # of blue bond issuance documents prepared **Targets:** 1 feasibility studies for issuance of a blue bond 1 blue bond issuance documents prepared **Related CP outcome: 1.1 & 2.2**	2.2.1 Stakeholder consultations, identification of an issuer, provider of de-risking capital and preparation of feasibility studies and financial term documents for the issuance of a blue finance instrument (e.g. bond) - Consultations with capital market actors (CMDA, Stock Exchange, MMA, Banks and potential investors) - Determination of potential project pipelines - Feasibility study to determine market appetite and size of the financing instrument - Identification of a bond issuer and de-risking capital pools (FCDO / ADB, others) - Preparation of financial prospectus		x	UNDP/banks	International consultancy fees, workshops, cost of travel	15,000.00	15,000.00	UNDP contribution towards Output 2.2 will be resourced through Output 1.3.3.3 of the GFCR project. Output 1.3.3.3 [GFCR] blue bonds under GFCR project]
Outcome 3: Strengthened Blue Economy research capabilities and targeted reforms foster an ecosystem conducive to the growth of a thriving MSME sector.								

Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E

Output 3.1: Generate evidence for investment prospects in the Blue Economy and address crucial inhibiting factors for Blue Economy Financing **Baseline:** 0 Blue economy MSME financing study **Indicators:** # of blue economy MSME financing studies conducted **Targets:** 1 blue economy MSME financing studies conducted **Related CP outcome: 1.1 & 2.2**	3.1.1 Preparation of a knowledge product to identify comprehensive value-chain analysis in blue economy sectors and policy reforms required for empowering MSMEs to launch ventures	x	x	UNDP/MED	International consultancy fees, workshops, cost of travel	43,500.00	43,500.00	(Outcome 2.3 GCFR project - Exploration of coral-positive private sector investment opportunities)
Direct Project Management 5%		x	x	UNDP		24,420.00	24,420.00	Project Monitoring and Evaluations, Project Management
GMS 8%		x	x	UNDP		37,986.67	37,986.67	
RC Levy 1%		x		UNDP		5,128.21	5,128.21	As indicated under the FCDO/UNDP partnership agreement template agreed in January 2022
Total						512,820.51	512,820.51	

Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E

Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E

VII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

The project will be implemented using Direct Implementation Modality (DIM) managed by UNDP Maldives, with funds transferred directly from the donor to UNDP. It will be implemented in partnership with CMDA and MEDT. A Project Coordinator, under direct supervision of UNDP CO Senior Economist and in close contact with key stakeholders, will carry the day-to-day tasks of managing the project as per agreed work plan. In addition, technical and logistical support will be provided by UNDP by availing services of its staff in the country office and its team across Asia Pacific as required. In addition, the UNDP country office communication team in collaboration with the communication teams of the key partners will be available to support the project in communicating its results in various key media outlets in and outside the country.

A project specific **Steering Committee** (**Project Board)** will be set up at between UNDP, FCDO and the project's key stakeholders to provide overall oversight to the planning, implementation and reporting of the project. This board meets at least once a year and can be called upon any time as required. It will be chaired on a rotating basis with the first meeting chaired by FCDO.

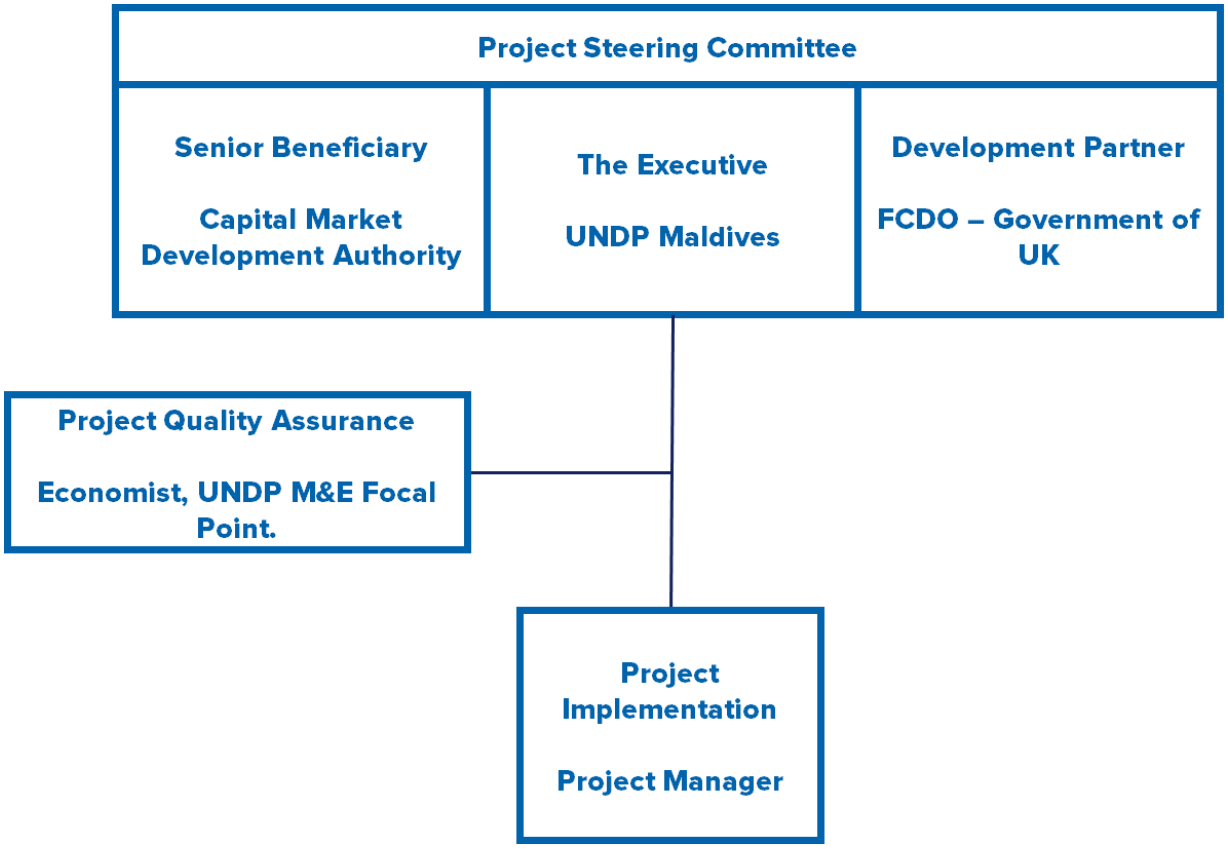
Specific responsibilities of the Project Board include:

- Provide overall guidance and direction to the project, ensuring it remains within any specified constraints;
- Address project issues as raised by the project manager;
- Provide guidance on project risks, and agree on possible countermeasures and management actions to address specific risks;
- Agree on project manager's tolerances as required;
- Review the project progress, and provide direction and recommendations to ensure that the agreed deliverables are produced satisfactorily according to plans;
- Appraise the annual project implementation report, including the quality assessment rating report; make recommendations for the work-plan;
- Provide ad hoc direction and advice for exceptional situations when the project manager's tolerances are exceeded; and
- Assess and decide how to proceed on project changes through appropriate revisions.

The Project will be Managed by a **Project Manager** based in UNDP, under the direct supervision of the **Senior Economist** at UNDP CO. Progress reports and financial reports will be consolidated by UNDP CO directly to the donor. The day-to-day management of the project, including work and budget planning, will be carried out by the **Project Associate** within each country hired under this project in line with the agreed workplan and budget.

Day-to-day project oversight will be carried out at the country level by the UNDP Country Office teams. The overall Project Assurance role will be carried out by the Project Manager under the overall direction of the Senior Economist. The Project Manager will carry out objective and independent programme oversight and monitoring functions and supports the Senior Economist to ensure compliance. In addition to meeting the donor monitoring and evaluations requirement, an annual report will be produced to showcase progress made and a final project report will be produced followed by an independent evaluation of the project.

Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E



Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E

VIII. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of Maldives and UNDP, signed on 1978. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

This project will be implemented by UNDP ("Implementing Partner") in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

IX. RISK MANAGEMENT

1. UNDP as the Implementing Partner will comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)

2. UNDP as the Implementing Partner will undertake all reasonable efforts to ensure that none of the [project funds][19] [UNDP funds received pursuant to the Project Document][20] are used to provide support to individuals or entities associated with terrorism , that the recipients of any amounts provided by UNDP hereunder do not appear on the United Nations Security Council Consolidated Sanctions List, and that no UNDP funds received pursuant to the Project Document are used for money laundering activities. The United Nations Security Council Consolidated Sanctions List can be accessed via https://www.un.org/securitycouncil/content/un-sc-consolidated-list. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

3. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (http://www.undp.org/ses) and related Accountability Mechanism (http://www.undp.org/secu-srm).

4. UNDP as the Implementing Partner will: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

5. In the implementation of the activities under this Project Document, UNDP as the Implementing Partner will handle any sexual exploitation and abuse ("SEA") and sexual harassment ("SH") allegations in accordance with its regulations, rules, policies and procedures.

[19] To be used where UNDP is the Implementing Partner

[20] To be used where the UN, a UN fund/programme or a specialized agency is the Implementing Partner

Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E

6. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

7. UNDP as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor, and sub-recipient:

a. Consistent with the Article III of the SBAA *[or the Supplemental Provisions to the Project Document]*, the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of UNDP's property in such responsible party's, subcontractor's and sub-recipient's custody, rests with such responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:
   i. put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
   ii. assume all risks and liabilities related to such responsible party's, subcontractor's and sub-recipient's security, and the full implementation of the security plan.

b. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the responsible party's, subcontractor's and sub-recipient's obligations under this Project Document.

c. Each responsible party, subcontractor and sub-recipient (each a "sub-party" and together "sub-parties") acknowledges and agrees that UNDP will not tolerate sexual harassment and sexual exploitation and abuse of anyone by the sub-parties, and other entities involved in Project implementation, either as contractors or subcontractors and their personnel, and any individuals performing services for them under the Project Document.

   (a) In the implementation of the activities under this Project Document, each sub-party shall comply with the standards of conduct set forth in the Secretary General's Bulletin ST/SGB/2003/13 of 9 October 2003, concerning "Special measures for protection from sexual exploitation and sexual abuse" ("SEA").

   (b) Moreover, and without limitation to the application of other regulations, rules, policies and procedures bearing upon the performance of the activities under this Project Document, in the implementation of activities, each sub-party, shall not engage in any form of sexual harassment ("SH"). SH is defined as any unwelcome conduct of a sexual nature that might reasonably be expected or be perceived to cause offense or humiliation, when such conduct interferes with work, is made a condition of employment or creates an intimidating, hostile or offensive work environment. SH may occur in the workplace or in connection with work. While typically involving a pattern of conduct, SH may take the form of a single incident. In assessing the reasonableness of expectations or perceptions, the perspective of the person who is the target of the conduct shall be considered.

d. In the performance of the activities under this Project Document, each sub-party shall (with respect to its own activities), and shall require from its sub-parties (with respect to their activities) that they, have minimum standards and procedures in place, or a plan to develop and/or improve such standards and procedures in order to be able to take effective preventive and investigative action. These should include: policies on sexual

Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E

harassment and sexual exploitation and abuse; policies on whistleblowing/protection against retaliation; and complaints, disciplinary and investigative mechanisms. In line with this, sub-parties will and will require that their respective sub-parties will take all appropriate measures to:

(i) Prevent its employees, agents or any other persons engaged to perform any services under this Project Document, from engaging in SH or SEA;

(ii) Offer employees and associated personnel training on prevention and response to SH and SEA, where sub-parties have not put in place its own training regarding the prevention of SH and SEA, sub-parties may use the training material available at UNDP;

(iii) Report and monitor allegations of SH and SEA of which any of the sub-parties have been informed or have otherwise become aware, and status thereof;

(iv) Refer victims/survivors of SH and SEA to safe and confidential victim assistance; and

(v) Promptly and confidentially record and investigate any allegations credible enough to warrant an investigation of SH or SEA. Each sub-party shall advise UNDP of any such allegations received and investigations being conducted by itself or any of its sub-parties with respect to their activities under the Project Document, and shall keep UNDP informed during the investigation by it or any of such sub-parties, to the extent that such notification (i) does not jeopardize the conduct of the investigation, including but not limited to the safety or security of persons, and/or (ii) is not in contravention of any laws applicable to it. Following the investigation, the relevant sub-party shall advise UNDP of any actions taken by it or any of the other entities further to the investigation.

e. Each sub-party shall establish that it has complied with the foregoing, to the satisfaction of UNDP, when requested by UNDP or any party acting on its behalf to provide such confirmation. Failure of the relevant sub-party to comply of the foregoing, as determined by UNDP, shall be considered grounds for suspension or termination of the Project.

f. Each responsible party, subcontractor and sub-recipient will ensure that any project activities undertaken by them will be implemented in a manner consistent with the UNDP Social and Environmental Standards and shall ensure that any incidents or issues of non-compliance shall be reported to UNDP in accordance with UNDP Social and Environmental Standards.

g. Each responsible party, subcontractor and sub-recipient will take appropriate steps to prevent misuse of funds, fraud, corruption or other financial irregularities, by its officials, consultants, subcontractors and sub-recipients in implementing the project or programme or using the UNDP funds. It will ensure that its financial management, anti-corruption, anti-fraud and anti money laundering and countering the financing of terrorism policies are in place and enforced for all funding received from or through UNDP.

h. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to each responsible party, subcontractor and sub-recipient: (a) UNDP Policy on Fraud and other Corrupt Practices (b) UNDP Anti-Money Laundering and Countering the Financing of Terrorism Policy; and (c) UNDP Office of Audit and Investigations Investigation Guidelines. Each responsible party, subcontractor and sub-recipient agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.

i. In the event that an investigation is required, UNDP will conduct investigations relating to any aspect of UNDP programmes and projects. Each responsible party, subcontractor and sub-recipient will provide its full

Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E

cooperation, including making available personnel, relevant documentation, and granting access to its (and its consultants', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with it to find a solution.

j. Each responsible party, subcontractor and sub-recipient will promptly inform UNDP as the Implementing Partner in case of any incidence of inappropriate use of funds, or credible allegation of fraud, corruption other financial irregularities with due confidentiality.

   Where it becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, each responsible party, subcontractor and sub-recipient will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). It will provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

   UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud corruption, other financial irregularities or otherwise paid other than in accordance with the terms and conditions of this Project Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail any responsible party's, subcontractor's or sub-recipient's obligations under this Project Document.

   Where such funds have not been refunded to UNDP, the responsible party, subcontractor or sub-recipient agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to such responsible party, subcontractor or sub-recipient for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud, corruption or other financial irregularities, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

   Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.

k. Each contract issued by the responsible party, subcontractor or sub-recipient in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from it shall cooperate with any and all investigations and post-payment audits.

l. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project or programme, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.

Docusign Envelope ID: 1E7B67F7-D842-49B2-8F86-CE758AA3CE0E

m. Each responsible party, subcontractor and sub-recipient shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to its subcontractors and sub-recipients and that all the clauses under this section entitled "Risk Management Standard Clauses" are adequately reflected, *mutatis mutandis*, in all its sub-contracts or sub-agreements entered into further to this Project Document.

X. ANNEXES

1. **Risk Register**
2. **Capacity Assessment: HACT Assessment of CMDA**