Funding Proposal

FP319: Matanataki Pacific Fund 1

Fiji, Tonga, Vanuatu | Enyorra Private Equity Pte. Ltd. (Enyorra) | Decision B.46/04

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Note to Accredited Entities on the use of the funding proposal template

- Accredited Entities should provide summary information in the proposal with cross-reference to annexes such as feasibility studies, gender action plan, term sheet, etc.
- Accredited Entities should ensure that annexes provided are consistent with the details provided in the funding proposal. Updates to the funding proposal and/or annexes must be reflected in all relevant documents.
- The total number of pages for the funding proposal (excluding annexes) **should not exceed 60**. Proposals exceeding the prescribed length will not be assessed within the usual service standard time.
- The recommended font is Arial, size 11.
- Under the, project and programme funding proposals will be disclosed on the GCF website, simultaneous with the submission to the Board, subject to the redaction of any information that may not be disclosed pursuant to the IDP. Accredited Entities are asked to fill out information on disclosure in section G.4. GCF Information Disclosure Policy

Please submit the completed proposal to:

fundingproposal@gcfund.org

Please use the following name convention for the file name:

"FP-[Accredited Entity Short Name]-[Country/Region]-[YYYY/MM/DD]"

A. PROJECT/PROGRAMME SUMMARY

A.1. Project or programme	Programme	**A.2. Public or private sector**	Private
A.3. Request for Proposals (RFP)	Not applicable		

A.4. Result area(s)

	GCF contribution	Co-financers' contribution[1]
Mitigation total	0 %	0 %
☐ Energy generation and access	0 %	0 %
☐ Low-emission transport	0 %	0 %
☐ Buildings, cities, industries and appliances	0 %	0 %
☐ Forestry and land use	0 %	0 %
Adaptation total	100 %	100 %
☒ Most vulnerable people and communities	50 %	50 %
☐ Health and well-being, and food and water security	0 %	0 %
☐ Infrastructure and built environment	0 %	0 %
☒ Ecosystems and ecosystem services	50 %	50 %

A.5. Expected mitigation outcome *(Core indicator 1: GHG emissions reduced, avoided or removed / sequestered)*		**A.6. Expected adaptation outcome** *(Core indicator 2: direct and indirect beneficiaries reached)*	626,786	
			62,058 (direct)	564,728 (indirect)
			Fiji – 5.93% Vanuatu – 1.70% Tonga – 1.37%	Fiji – 56.55% Vanuatu – 9.49% Tonga – 8.04%
A.7. Total financing (GCF + co-finance[2])	63,000,000 USD	**A.9. Project size**	Medium (Upto USD 250 million)	
A.8. Total GCF funding requested	15,000,000 USD			

[1] Co-financer's contribution means the financial resources required, whether Public Finance or Private Finance, in addition to the GCF contribution (i.e. GCF financial resources requested by the Accredited Entity) to implement the project or programme described in the funding proposal.
[2] Refer to the Policy of Co-financing of the GCF.

A.10. Financial instrument(s) requested for the GCF funding	☐ Grant Enter number ☐ Loan Enter number ☐ Guarantee Enter number ☒ Equity 15,000,000 ☐ Results-based payment Enter number		
A.11. Implementation period	10 years with possible two 1-year extensions	**A.12. Total lifespan**	10 years with possible two 1-year extensions
A.13. Expected date of AE internal approval	*9/10/2026*	**A.14. ESS category**	I-2
A.15. Has this FP been submitted as a CN before?	Yes No ☒☐	**A.16. Has Readiness or PPF support been used to prepare this FP?**	Yes No ☒☐
A.17. Is this FP included in the entity work programme?	Yes No ☐☒	**A.18. Is this FP included in the country programme?**	Yes No ☐☒
A.19. Complementarity and coherence	Yes No ☒☐		
A.20. Executing Entity information	1. Enyorra Private Equity Pte. Ltd. (the Manager) 2. Matanataki Pte Ltd (the Portfolio Advisor) 3. Matanataki Pacific Fund 1 LP (the Fund, MPF1 or the Investment Fund) 4. Matanataki General Partners Pte. Ltd. (the General Partner) 5. MPF1 Master Fund Pte. Ltd (the Master Fund)		
A.21. Executive summary (max. 750 words, approximately 1.5 pages)			

Climate change problem

1. Despite contributing less than 0.03% of global greenhouse gas emissions, Pacific Island nations are among the most climate vulnerable. For Pacific communities, coral reefs are lifelines - providing food security through fisheries, protecting coastlines from erosion and storm surge, supporting tourism-dependent economies, and embodying cultural identity. However, coral reefs across the Pacific face unprecedented threats from climate change, with potential ecosystem collapse by 2050. Rising sea surface temperatures and ocean acidification are driving mass bleaching and degradation, while more intense tropical cyclones compound this crisis, posing a significant threat not only to marine biodiversity but also to the socio-economic fabric of Pacific Island Countries (PICs).
2. Simultaneously, climate change is increasing rainfall variability, extreme rainfall, flooding, drought stress and saltwater intrusion in Pacific SIDS. These hazards place growing pressure on freshwater sources, drainage systems and coastal aquifers. During dry periods, reduced freshwater availability can increase dependence on already stressed or contaminated water sources. Furthermore, where waste is poorly managed, heavy rainfall and cyclones can mobilize solid waste, organic waste, plastics and leachate into drainage channels, rivers, groundwater and coastal zones. With approximately 90% of Pacific Islanders living within five kilometres of the coastline and reliant on reef ecosystems for their livelihoods, it is imperative that we act now.
3. However, the Small and Medium Enterprises (SMEs) that support the local economy and are best positioned to reduce climate impacts, face both financial and non-financial barriers, unable to access patient, risk-tolerant capital from local commercial banks and investors. Therefore, MPF1's investments in improved waste collection, safe disposal, recycling, composting and non-leaking materials recovery facilities reduce contamination pathways and strengthen the resilience of water, health and reef-linked systems against climate-amplified risks.

Proposed interventions

4. In response, Matanataki Pacific Fund 1 (MPF1) is proposed as a women-founded USD 60 million blended finance impact fund for Fiji, Tonga and Vanuatu. MPF1 will strengthen coral reef ecosystem resilience by investing in sectors vital for regeneration and adaptation. Rooted in just principles - it utilises a blended finance structure—leveraging concessional capital from the GCF to crowd in both private investment and commercial institutional investment - to provide the patient capital and capability building to empower local communities and protect Pacific marine environments and linked ecosystems. The Programme integrates hands-on SME capacity building and systems institutionalisation directly within its core investment and portfolio management model. This is delivered through a coordinated dual-funding mechanism: GCF's USD 15 million pooled LP equity operates catalytically to finance portfolio co-management and seed-stage investments, while a complementary USD 3 million Technical Assistance Facility (TAF) funded by third-party donor grant capital provides pre- and post-investment technical support. This ensures that capacity-building activities are structurally executed to prepare local enterprises for commercial scaling.
5. MPF1's deployment strategy is weighted toward Fiji, where approximately 70% of total fund capital is expected to be invested, with the remaining 30% deployed across Tonga and Vanuatu. This weighting reflects Fiji's deeper and more advanced pipeline of reef-positive SMEs, the Portfolio Advisor's established local presence, and stronger near-term market potential and absorption capacity for blended equity investments, while the number of investments per country will remain flexible and driven by sourcing and bankability.
6. MPF1 will deploy USD 60 million in equity and quasi-equity investments (primarily utilising self-liquidating instruments to preserve long-term local ownership), across four pivotal sectors: **1. Waste Management and Recycling**: Improve waste systems and recycling to reduce reef pollution; **2. Regenerative Agriculture:** Support soil-restorative farming to boost productivity and reducing coastal runoff; **3. Sustainable Fisheries:** Promote responsible practices to preserve and improve fish stocks and ecological balance; **4. Low-Impact Tourism:** Advance eco-friendly practices that protect natural habitats and support non-extractive local incomes. In addition, MPF1 may undertake targeted investments in telecommunications as an enabling sector. Telecommunications investments will be eligible only where they demonstrably and materially improve connectivity, data access and operational resilience for MPF1 pipeline and portfolio companies and their beneficiary communities (for example, remote community cooperatives and coastal SMEs), and where they remain fully aligned with the Fund's climate adaptation focus, reef-positive rationale and gender-equitable impact objectives.
7. The Fund is supported by a complementary, wholly donor-funded Technical Assistance Facility (TAF) with a target size of USD 3.0 million and a minimum viable size of USD 1.0 million. GCF's share of the TAF is nil. MPF1 is designed to operate under either scenario: climate, environmental and social, and gender support to portfolio companies is delivered in both cases, with the target scenario extending the depth and reach of that support rather than determining whether it is provided. The TAF provides critical pre- and post-investment support, capacity building, and specialised technical expertise to portfolio companies. All TAF services are designed through dual

gender and climate lenses, aligned with 2X Challenge principles, ensuring interventions advance both women's empowerment and climate resilience**.**

8. Output 1.5 is funded from two distinct sources sitting alongside each other: USD 1 million to USD 3 million of donor grant through the TAF, and USD 3 million attributed to GCF's equity commitment. The GCF-funded portion comprises USD 1,875,000 of management fee allocation on GCF's USD 15 million commitment at 2.5% per annum across the Investment Period, and USD 1,125,000 deployed as seed-stage equity or quasi-equity instruments such as Simple Agreements for Future Equity. Neither is a grant, and neither is an application of GCF capital to TAF expenditure. Output 1.5 is therefore co-funded between GCF equity and donor grant at a ratio ranging from 1:1 in the target TAF scenario to 3:1 in the minimum viable scenario, while the TAF itself remains wholly donor-funded in either case.

Climate results / benefits

9. MPF1 utilizes an interconnected deal flow approach that builds trust among portfolio businesses, countering extractive models by strengthening supply chain clusters and shared value creation. The Fund places heavy emphasis on climate-adaptive design at the land- and marine-scape levels, focusing on local and indigenous community-owned enterprises. Women's leadership is a central pillar: aligned with 2X Challenge principles, MPF1 empowers Pacific women entrepreneurs with culturally appropriate solutions that recognize their dual roles as primary caregivers and economic drivers. By interweaving gender equity with climate adaptation strategies, MPF1 aims for holistic development that uplifts Pacific men, women, and children, while safeguarding the region's globally significant reef ecosystems.
10. MPF1's integrated approach is expected to deliver direct adaptation benefits for 62,058 individuals, indirect benefits for 564,728 people through improved environmental conditions, 50,796 hectares of terrestrial and marine ecosystems will be restored or protected, and responsible production of 47,336 tonnes of fish stocks. These Base-case beneficiary figures are supported by Annexes 23a and 23b, which distinguish unique, attributable direct beneficiaries from net, geographically bounded indirect beneficiaries after direct-beneficiary and geographic-overlap exclusions.
11. As a mitigation co-benefit of these adaptation measures, MPF1 is also expected to help reduce 1,927,105 tCO2eq of emissions over its investments' lifetime. By providing patient capital and hands-on technical support guided by a Vanua-inspired systems approach, MPF1 offers a transformative pathway long-term Pacific climate resilience.

B. PROJECT/PROGRAMME INFORMATION

B.1. Climate context (max. 1000 words, approximately 2 pages)

Climate change problem[3]

Main Resilience Challenge

12. The Pacific SIDS, like Fiji, Vanuatu and Tonga, face an existential threat from the dual crisis of global climate change and local ecological degradation. Climate change is increasing rainfall variability, extreme rainfall, flooding, drought stress, and saltwater intrusion in Pacific SIDS. These hazards place growing pressure on freshwater sources, drainage systems, and coastal aquifers. Where waste is poorly managed, heavy rainfall and cyclones can mobilise solid waste, organic waste, plastics, and leachate into drainage channels, rivers, groundwater, and coastal zones. During dry periods, reduced freshwater availability can increase dependence on already stressed or contaminated water sources.

13. These local anthropogenic stressors—including poor waste management, agricultural runoff, and overfishing—interact with rising sea temperatures and ocean acidification to drive mass coral bleaching and reef collapse, impairing the reefs' natural capacity to recover from thermal stress. The core resilience challenge is that current economic models are extractive, depleting the very ecosystems that provide natural coastal protection for 90% of the population and support tourism and fisheries economies.

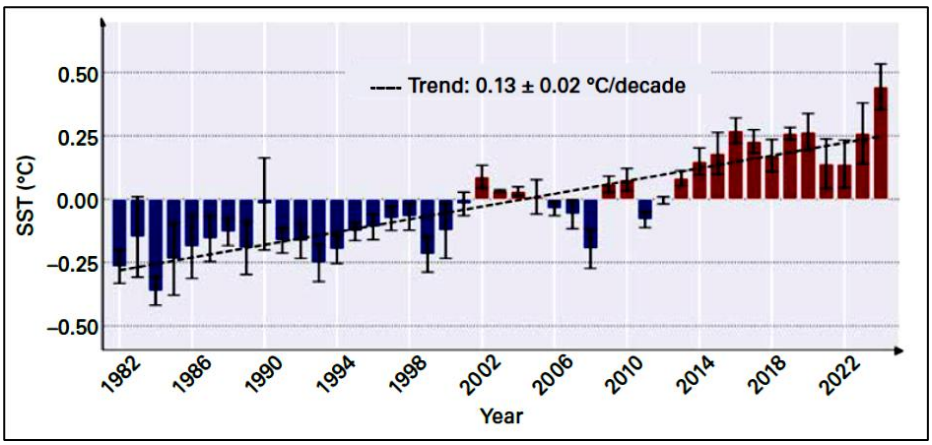
14. Therefore, MPF1's investments in improved waste collection, safe disposal, recycling, composting, regenerative agriculture, and non-leaking materials recovery facilities directly reduce these contamination pathways. MPF1 proposes a paradigm shift from reactive, grant-based adaptation to "Reef-Positive" regenerative investment, harnessing the private sector to reduce local stressors, protect freshwater and public health, and restore the biological buffering capacity of Pacific reef systems against climate-amplified risks.

Context

Observed Climate Trends

15. Scientific evidence confirms that baseline climatic conditions in the target countries have shifted significantly due to the anthropogenic signal, distinct from natural variability drivers like the El Niño–Southern Oscillation (ENSO).

- Temperature: The region has experienced a consistent long-term warming trend. Fiji has warmed ~0.8–1.0°C over the 20th century. Vanuatu's warming has accelerated since the mid-1990s. has seen mean temperatures rise ~0.6°C over the last century, and Tonga has warmed 0.4–0.8°C since 1970. 2024 was the warmest year on record for the region (0.48°C above the 1991–2020 average).
- Marine Heatwaves & Acidification: Marine heatwaves (MHWs) reached record global extents in 2024, affecting 40 million km² of ocean. Surface pH has decreased by 0.017 per decade since 1985, driving ocean acidification that threatens coral calcification. Figure 1 reflect the accumulation of heat in the South-West Pacific Ocean, which absorbs the majority of excess energy in the climate system.



[3] All statements are supported by FS Annex 2, and the references of all the statements are included in Annex 2.

Figure 1. Sea-surface temperature (SST in ◦C) anomalies averaged for the South-West Pacific Ocean, relative to the 1985-2024 reference period. Source: World Meteorological Organisation (WMO). State of the Climate in South-West Pacific 2024 (WMO-No. 1374). Geneva, 2025.

- Sea Level Rise (SLR): SLR in the region exceeds the global average (3.5 mm/yr). Fiji and Tonga have observed rises of ~6 mm/yr and ~6.4 mm/yr, respectively, since 1993, while reports ~5.2 mm/yr. This chronic stressor has already increased the frequency of minor coastal flooding tenfold in some locations. Figure 2 demonstrates the cumulative and largely irreversible nature of sea-level rise in the South-West Pacific Ocean.

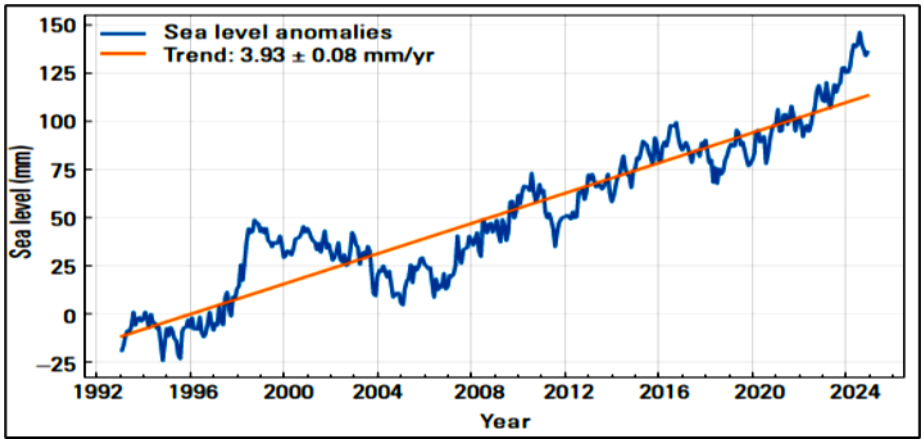


Figure 2 Mean sea-level anomalies (blue line) and estimated trend (orange line). Altimetry-based sea-level time series (mm) from 1993 to 2024 for the South-West Pacific Ocean. Data from Copernicus Climate Change Service and Laboratory of Space Geophysical and Oceanographic Studies. Figure taken from World Meteorological Organisation-WMO (2025). State of the Climate in South-West Pacific 2024 (WMO-No. 1374). Geneva, 2025

Current Hazards and Spatial Patterns

16. The interaction between climate hazards and local vulnerability is already causing severe economic and physical damage across the three countries:

- Tropical Cyclones (TCs): While frequency is stable or decreasing, intensity has intensified. TC Winston (2016) caused losses exceeding 20% of Fiji's GDP. TC Pam (2015) cost Vanuatu 64% of its GDP. TC Gita (2018) caused damages equivalent to 38% of Tonga's GDP, and TC Evan (2012) cost 28% of its GDP. These cyclones cause significant damage to vital infrastructure and result in the accumulation of large quantities of sediment and waste in reef ecosystems.
- Marine Heat Stress: Frequent MHWs are causing mass coral bleaching (e.g., Fiji in 2000, 2023, 2024), reducing habitat for fisheries and undermining the "sun, sand, and sea" tourism asset base.
- Precipitation Extremes: Intense rainfall events are increasing, driving flash flooding (e.g., 26 major floods in Fiji's Nadi Basin since 1991) and accelerating nutrient runoff from agriculture, which impacts nearshore reefs.

Projections

17. Future scenarios (CMIP6 SSP2-4.5 and SSP5-8.5) indicate that these trends will intensify, pushing ecosystems beyond historical adaptation limits.

- Temperature: Projections indicate warming of +1.7–2.15°C by mid-century across the region.
- Coral Reefs: Under high-emission scenarios, nearly 90% of the region's coral reefs are projected to experience annual severe bleaching by 2055, risking functional collapse.
- Sea Level Rise: An irreversible rise of at least 15cm is expected by 2050 regardless of emissions. By 2100, levels could rise 0.55–0.90m, transforming 1-in-100-year flood events into annual occurrences for low-lying atolls in Tonga and coastal settlements in Fiji.
- Cyclone Intensity: Average maximum wind speeds and rainfall rates are projected to increase, amplifying storm surge risks.

Exposure and Vulnerability

18. The economic and nutritional stability of Pacific SIDS is inextricably linked to reef health. Tourism contributes approximately 40% of GDP in both Fiji and Vanuatu. Beyond economics, reef fisheries act as the primary nutritional safety net for the population. Coastal fisheries contribute up to 6% of GDP across PICs and provide 60–90% of animal protein in rural areas. The target countries are characterised by extreme exposure and structural economic vulnerability:

    - Human Exposure: Approximately 90% of Pacific islanders live within 1 km of the coast, relying on reefs for food and storm protection. An estimated 6.5 million people in the region are highly dependent on reefs.
    - Social Vulnerability: Women and children face disproportionate risks. Women often rely on shallow-water gleaning and informal markets (e.g., "mamas of the market" in Vanuatu), assets which are most exposed to reef degradation and disasters.

Causality and Adaptation Logic

19. To demonstrate the causal pathways between individual SME activities and measurable adaptation outcomes, the following table establishes a clear results chain at the sector level for our four priority areas. It maps the specific climate hazard, the exposed system, the baseline vulnerability mechanism, how the project response (SME intervention) reduces that sensitivity, and the measurable indicator tracking the ultimate adaptation outcome for vulnerable coastal communities. (A more comprehensive, investment-level table can be found in the Feasibility Study starting at page 91: *Table 13 - MPF1 Adaptation Pathways and Pipeline Interventions by Sector: An end-to-end logical framework detailing how targeted enterprise responses across Waste Management, Regenerative Agriculture, Sustainable Fisheries, and Low-Impact Tourism reduce the climate-amplified vulnerability of exposed systems in Fiji, Vanuatu, and Tonga.*):

Table 1: Adaptation Pathways and Pipeline Interventions (Fiji, Vanuatu, Tonga)

Sector (Indicative Pipeline)	Climate hazard addressed	Climate impact / Vulnerability mechanism	Exposed systems	Project response	Adaptation outcome	Measurable Indicator
Waste Management & Recycling *Projects Vonu, Akihito, Nawita)*	Extreme rainfall, intense tropical cyclones, and storm surges.	Cyclones and storm surges drive waste, plastics, and toxic chemicals from coastal dumpsites into nearshore coral reef ecosystems.	Nearshore coral reef ecosystems and coastal communities (affecting public health).	Material Recovery Facility (MRF), recovery and waste-to-bioenergy solutions, recycling, and safer waste containment to reduce open dumping.	Protection of coral reef ecosystems by reducing marine plastic and chemical disposal, and reduced public-health risks.	Volume of waste safely disposed of or recycled.
Regenerative Agriculture (*Projects Fetu'u Moana, Tuitui, Moa, Malau, Ura)*	Extreme rainfall, drought, heat, and cyclones.	Degraded soils have low water retention; intense rainfall increases erosion, sedimentation, and nutrient runoff into coastal systems, while droughts and cyclones destroy crops	Coastal and coral reef ecosystems, agricultural soils, local food systems, and vulnerable rural households.	Local organic fertilizer production to reduce synthetic dependence, soil restoration, regenerative practices, and integration of smallholders into climate-resilient	Improved soil moisture retention, reduced runoff and sedimentation, stabilized rural incomes against climate shocks, and more resilient local food systems.	Hectares of terrestrial non-forest land brought under improved ecosystems; Beneficiaries adopting improved and/or new climate-resilient livelihood options.

		and reduce productivity.		supply chains.		
Sustainable Fisheries *(Projects Kaura, Te Bakoa, Qari, Kundu, Te Rawa, Uga, 'Anga, Salala). Garamut is an aquaculture investment but is land-based, its production is largely controlled, and it is not exposed to marine heatwave risk in the way the other fisheries investments are.*	Rising sea temperatures, marine heatwaves, ocean acidification, and cyclones.	Mass coral bleaching and degradation threaten reef fisheries; ocean warming exacerbates post-harvest spoilage and drives pelagic species offshore, increasing extractive pressure.	Coral reef ecosystems, reef fish biomass, smallholder fisherfolk, and coastal communities' food security.	Land-based aquaculture, sea cucumber ranching, solar cold chain to mitigate post-harvest loss, and traceable supply of sustainably caught fish.	Wild coral reef fish biomass is maintained and allowed to recover, reducing extractive pressure while ensuring strengthened adaptive capacity, protein, and nutritional security.	Tonnes of fish stock brought under sustainable management practice; Beneficiaries adopting improved climate-resilient livelihood options.
Low-Impact Tourism *(Projects Kundu, Albacore)*	Extreme rainfall, cyclone damage, water stress, and drought.	Cyclones, water stress, and unmanaged tourism pressure degrade natural coastal buffers like mangroves and reefs, reducing destination appeal and threatening livelihoods.	Tropical forests, mangroves, coral reef ecosystems, and local community livelihoods dependent on tourism and agriculture.	Conservation tourism, ecosystem protection, and community-owned cooperatives implementing sustainable farming and fishing to restore collectively owned lands.	Coral and forest restoration enhances wave attenuation and shoreline stabilization, lowering stress on reef ecosystems while providing resilient income-generating opportunities.	Percentage of portfolio Pacific/local SMEs and community-owned cooperatives implementing agreed Impact and Sustainability Plans; Hectares of coastal marine areas brought under restoration and/or improved ecosystems

Note: The table lists 19 entries because Project Kundu is a multi-sectoral community cooperative that spans both Sustainable Fisheries and Low-Impact Tourism, representing 18 unique pipeline projects in total.

Alignment with national priorities

20. MPF1 operationalises Fiji's NDC 3.0 targets for 30% Marine Protected Areas and blue economy growth, alongside Vanuatu's priorities for coastal protection and green finance access. In Tonga, the Fund aligns with national strategies for sustainable land use, climate-resilient agriculture, and disaster risk reduction, ensuring investments directly contribute to each nation's specific adaptation and conservation goals.

Related projects/interventions

21. The Pacific's climate investment landscape remains nascent and fragmented, failing to meet the specific needs of the "missing middle"—SMEs that are too large for micro-grants but too small or risky for commercial banks.

    - Lessons Learned: The ADB's Kula Fund (1997–2007, extended to 2008) pioneered private capital in the region. The lessons drawn here are taken from Asian Development Bank, Independent Evaluation Department, Validation Report: Regional: Kula Fund Limited (formerly Pacific Investment Capital Fund), Reference Number PCV:REG 2010-67, Project Number 30702, Investment/Loan Number 7136, December 2010. For transparency, that report rated Kula Fund's investment profitability "Unsatisfactory" and its overall performance "Partly Successful", downgraded by the Independent Evaluation Department from the "Satisfactory" rating in the fund's Extended Annual Review Report, while its development impact and additionality were rated "Satisfactory" and "Excellent" respectively.

MPF1 draws structural and operational lessons from that experience rather than citing it as a financial success.

- The evaluation found that portfolio-wide reliance on traditional private equity trade-sale exits is unreliable in shallow capital markets; that self-liquidating instruments are needed to avoid dependence on a single exit event in a volatile economic and political environment; that SMEs require deep, hands-on management support in corporate governance, financial planning and accounting; and that drawdowns in large increments rather than on an as-needed basis depress net returns to investors. MPF1 responds with a self-liquidating-first architecture, active co-management funded through the management fee and the TAF, notice-based as-needed drawdowns tied to specific investments, and country diversification caps and floors. Trade sale is retained as a deliberately chosen route for the minority of deals where the founder regards it as credible, rather than as the Fund's default architecture.
- Current Gaps: Recent projects like the Global Fund for Coral Reefs (GFCR), Subnational Climate Fund, Outrigger Ocean Impact Fund, and Camco's TIDES tend to focus on large infrastructure or broad regional mandates. These funds often have ticket-size thresholds (>USD 5m) or "hands-off" models that do not address the operational capacity constraints of Pacific SMEs. Others, like ADB Frontier Fund or Red Hat Impact, are similarly "hands-off" and focus on earlier-stage or trade finance.
- Transition risk: Alongside the physical hazards set out above, MPF1 has assessed the transition exposures facing portfolio sectors. In sustainable fisheries, tightening quota, traceability and monitoring regimes under the Parties to the Nauru Agreement and the Western and Central Pacific Fisheries Commission, together with European and United States market requirements for certified, traceable product, are assessed as a net opportunity: certification carries a price premium for compliant producers and a market-access risk for those who are not. In low-impact tourism, the carbon intensity of long-haul aviation and its effect on demand for Pacific destinations underpins the Fund's focus on low-impact, higher-value and eco-certified models rather than high-volume tourism. In regenerative agriculture, organic and GlobalGAP certification is increasingly a condition of export market access, and carbon and biodiversity credit markets are emerging. In waste management and recycling, regulatory tightening on plastics and the development of regional waste infrastructure standards, including through programmes such as PacWaste Plus, shape the investment case.
- At portfolio level, transition risk is managed through three mechanisms already in place: the Matanataki Exclusion List, which incorporates MDB exclusion lists; the Environmental and Social Management System, aligned to the IFC Performance Standards and major MDB Environmental and Social Standards, which applies evolving standards to portfolio companies during the holding period; and the retained ESG Manager's direct experience of European DFI requirements and emerging EU sustainability regulation. Rising institutional requirements for ESG-compliant assets are treated as supportive of exit valuations for compliant companies and adverse for those that are not. Transition risk will be assessed and recorded deal by deal through the Vulnerability Assessment Framework and the pre-investment screening matrix.

MPF1 Additionality:

22. MPF1 addresses this structural gap by utilising a blended finance model that provides SMEs with the capital needed for growth. Currently, commercial banks in the Pacific remain highly risk-averse, avoiding exposure to climate-sensitive sectors such as agriculture and fisheries due to high-risk perception. Consequently, SMEs critical to adaptation are unable to access the capital needed to scale. MPF1 bridges this gap by leveraging GCF concessional junior equity to de-risk the investment structure and crowd in senior institutional capital at an indicative 1:3 Fund-level equity co-financing ratio (USD 15 million GCF to USD 45 million Co-investors excluding the TAF). Utilizing its local expertise, pipeline development since 2019, MPF1 will deploy ticket sizes of USD 0.25 million – USD 6 million.

23. MPF1 targets SMEs too large for microfinance but structurally underserved by risk-averse commercial banks. Unlike passive vehicles, MPF1 employs active co-ownership and an "interconnected deal flow" strategy, clustering portfolio Pacific/local SMEs and community-owned cooperatives (e.g., linking waste inputs to agricultural off takers) to build collective supply chain resilience. Furthermore, to overcome the region's shallow capital markets, MPF1 utilises self-liquidating instruments (e.g., redeemable preference shares and demand dividends) for approximately 80% of the portfolio. This mechanism avoids reliance on unviable trade sales, ensuring that capital is recycled and long-term ownership is retained by indigenous founders and communities. Potential maladaptation risks will be avoided through a mandatory "Maladaptation and Exclusion" filter within the Fund's Programmatic Vulnerability Assessment Framework.

B.2 (a). Theory of change narrative and diagram (max. 1500 words, approximately 3 pages plus diagram)

24. At its core, the Matanataki Pacific Fund 1 (MPF1) is driven by the profound humanness of the people striving to protect their homes, livelihoods, and intergenerational future. Conventional climate finance frameworks often reduce adaptation to technical outputs, omitting the cultural lifeblood and values of the communities doing the work. MPF1 has been designed from inception as a locally anchored climate-resilience fund for Pacific Island countries, investing patient equity and quasi-equity into Pacific SMEs and community-owned cooperatives that address local drivers of climate vulnerability, especially those affecting coral reef-dependent communities. In this respect, the Fund is inherently aligned with GCF's Locally Led Climate Action framework through: (i) devolved finance to local enterprises and cooperative structures; (ii) local ownership and implementation through a Fiji-based, locally owned and Indigenous-led team; and (iii) sustained local capacity building through the Technical Assistance Facility (a complementary initiative financed entirely through donor contributions). MPF1 operates on the foundational Pacific principle of Vanua—the inseparable reciprocity between the people, the land, and the ocean. In this paradigm, nature is an ancestor to be protected, not a commodity to be extracted. The mission of this Fund is to empower Pacific entrepreneurs who are uniquely positioned to defend these ecosystems, recognizing that true climate resilience requires honouring the human dignity, traditional knowledge, and social fabric of frontline communities.

25. To actualize this vision, MPF1's Theory of Change centres on indigenous economic sovereignty and collaborative value creation. If a Pacific-led investment fund provides patient, values-aligned capital and hands-on capability support to reef-positive enterprises, then these local businesses can cultivate inclusive economies that actively restore coral reefs and build enduring community resilience. This transformation occurs because Pacific entrepreneurs are finally equipped with the financial tools and bespoke business support to transition away from extractive models toward a regenerative economy. By utilizing self-liquidating financial instruments, MPF1 ensures that long-term wealth, operational control, and environmental stewardship remain firmly in the hands of the Pacific people, enabling a right economic and spiritual relationship with lands and oceans.



Figure 3. The MPF1 vision for systems change

Theory of Change

26. The Theory of Change (ToC) for the Matanataki Pacific Fund 1 (MPF1) is anchored in the following logic:

    IF a Pacific-led investment fund and technical assistance facility back reef-positive, gender equitable Pacific SMEs with patient, ethical capital and hands on support,

    THEN these businesses can grow inclusive local economies that actively restore reefs and strengthen community resilience,

    BECAUSE Pacific entrepreneurs will finally have values-aligned finance and capability support to build regenerative, collaborative business models that reduce local drivers of reef degradation and enable right economic relationship with our lands, oceans and relationship with all living beings across generations.

27. MPF1 achieves this through an Investment Facility that drives the transition from an extractive economy to a regenerative, reef-positive one, plus a complementary third-party Technical Assistance Facility:

    Component 1: Matanataki Pacific Fund 1 (Investment Facility)

28. MPF1 deploys USD 60 million in patient equity and quasi-equity to ensure growth capital is disbursed to climate- and reef-positive SMEs and that through the critical active hands-on active co-management support of the Portfolio Advisor these companies receive pre-Investment support to become investment ready and receive post-investment support for operational growth and impact (**Output 1.1**). By focusing on four Reef-Positive Investment Windows—Waste Management, Regenerative Agriculture, Sustainable Fisheries, and Low-Impact Tourism—the Fund ensures interconnected supply chain clusters and commercial linkages are structured and operationalised (**Output 1.2**). This interconnected deal flow builds supply chain resilience (e.g., linking waste-to-fertilizer companies with regenerative farms). To drive commercial scale and ensure regenerative practices are fully embedded, the Fund ensures active portfolio co-management, value creation, and impact monitoring are executed (**Output 1.3**). Ultimately, to secure inclusive, long-term benefits for vulnerable groups, local ownership transfer and self-liquidating exit mechanisms are executed (**Output 1.4**). To overcome the high transaction costs and limited readiness of Pacific SIDS enterprises, Component 1 includes **Output 1.5**: SME Capacity Building and Systems Institutionalisation. To align with standard private equity structuring principles and LP expectations, GCF's capital remains 100% pooled equity. This integrated capacity building is operationalized through:

    - **The complementary grant-funded TAF (USD 1.0 million minimum viable, USD 3.0 million target):** Funded by third-party bilateral donors to cover non-recoverable transaction-readiness costs (such as project-level ESMS design, gender action planning, and feasibility studies). The TAF is functionally integrated into MPF1's impact delivery model to provide specialized climate, ESG, and locally led adaptation support that would typically sit outside a standard fund manager's or portfolio advisor's core remit.
    - **Catalytic deployment of GCF equity:** Deployed at the portfolio level via active co-management support (financed through the standard management fee) and targeted seed-stage investments (such as SAFEs) to support early-stage, community-owned cooperatives:
        - *Enhanced Portfolio Co-management (USD 1,875,000 equivalent):* Supported through the 2.5% management fee over five years, directly funding the local Portfolio Advisor's active, on-the-ground change management, ESG systems development, and operational oversight (Activities 1.5.1 and 1.5.2).
        - *Catalytic Seed Equity (USD 1,125,000 equivalent):* Deployed strictly as early-stage equity or quasi-equity instruments (such as SAFEs) under Activity 1.5.5 to support local and community-owned cooperatives in transitioning toward bankability.

29. The successful delivery of these outputs drives four synergistic outcomes:

    I. **Outcome 1:** Restored and resilient coral reef and associated ecosystems achieved through the reduction of local climate impacts within Pacific Island Countries.

    II. **Outcome 2:** Institutionalised gender-responsive climate governance and economic empowerment within the private sector.

    III. **Outcome 3:** Increased adaptive capacity of marginalised groups through equitable access to climate finance and knowledge.

    IV. **Outcome 4:** Catalysed market transformation through demonstration and scaling of regenerative, climate-resilient business models for Pacific Island Countries.

30. Collectively, these outcomes deliver a paradigm shift: moving the Pacific economy away from short-term extraction and dependence on aid, towards a self-sustaining, regenerative market system where business protects the Vanua (land, sea, and people) rather than depleting it.

31. The Fund's results are structured into short- to medium-term direct outcomes and longer-term transformation objectives:

    I. **Short-Term to Medium-Term** In the immediate term, the Fund establishes the enabling environment and operationalises direct investments. Growth capital is disbursed to climate- and reef-positive SMEs in conjunction with active hands-on support from the Portfolio Advisor (**Output 1.1**) complemented by early-stage pre-investment capacity building, seed-stage equity investments (SAFEs) for cooperatives, and foundational E&S and gender systems development under **Output 1.5**. This allows the Fund to structure and operationalise interconnected supply chain clusters and commercial linkages (**Output 1.2**) across sectors (e.g., waste-to-agriculture).

    II. **Medium-Term** As the SMEs scale, the short-term outputs translate into measurable medium-term socio-economic and management outcomes. Through active portfolio co-management, value creation, and impact monitoring executed (**Output 1.3**), underpinned by the formal institutionalisation of company-level E&S, gender, and reef-health management systems established under **Output 1.5**, businesses fully integrate regenerative practices, directly driving **Outcome 2** (Institutionalised gender-responsive climate governance and economic empowerment within the private sector). Concurrently, as investments mature, local ownership transfer and self-liquidating exit mechanisms are executed (**Output 1.4**). This secures wealth and enterprise control for Pacific communities, achieving **Outcome 3** (Increased adaptive capacity of marginalised groups through equitable access to climate finance and knowledge).

    III. **Longer-Term Transformation** The Fund's paradigm shift is realised when these mature, locally owned SMEs sustain their climate-resilient operations well beyond the 5-year investment period. By reducing local climate risks, these interconnected enterprise clusters decrease the exposure and sensitivity of coastal communities to climate hazards. This sustained reduction in vulnerability underpins the core adaptation result: **Outcome 1** (Restored and resilient coral reef and associated ecosystems). Concurrently, by establishing a proven track record of commercially viable, ecosystem-based adaptation models, the Fund provides a blueprint for regional replication. This achieves **Outcome 4** (Catalysed market transformation through demonstration and scaling of regenerative, climate-resilient business models), unlocking future private capital and permanently shifting broader Pacific investment markets toward climate-resilient development pathways.

Matanataki Pacific Fund 1 Theory of Change

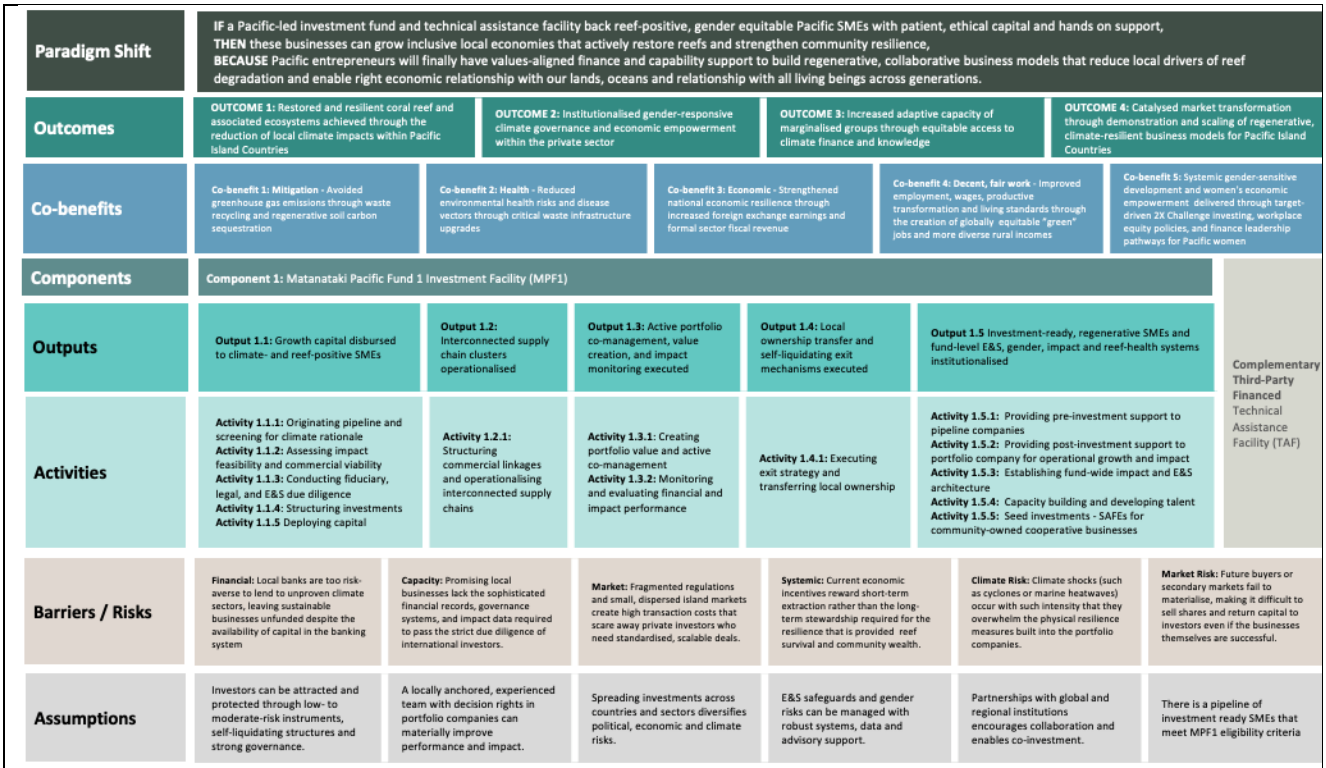


Figure 4: Matanataki Pacific Fund 1 Theory of Change

32. These interventions rest on explicit assumptions - that investors can be attracted and protected through appropriate instruments and governance; that a locally anchored, experienced team with decision rights can materially improve performance and impact; that portfolio diversification can manage macro-risks; that ESG, safeguards and gender risks can be managed with robust systems and advisory support; partnerships with global and regional institutions can enable co-investment and replication; and that there is a pipeline of investment ready or near-investment ready SMEs that meet MPF1 eligibility criteria - which are further elaborated in E.3 and E.5.

Co-benefits

33. **Co-benefit 1: GHG Emissions Reductions:** While MPF1 is primarily an adaptation intervention, the implementation of regenerative business models generates significant environmental, social, and economic co-benefits that reinforce the project's resilience goals. The project delivers quantified **mitigation benefits** by addressing the root causes of emissions in target sectors. By diverting organic waste from anaerobic dumpsites and sequestering carbon through regenerative agricultural soils, MPF1 is projected to reduce GHG emissions. This directly supports national low-emission development pathways while reducing the carbon intensity of local supply chains.

34. **Co-benefit 2**: Improved health from waste management services: Investments in waste recycling (for example, materials recycling facilities) significantly **reduce environmental health risks**. By ensuring the safe disposal of inorganic and organic waste streams, the project mitigates the spread of vector-borne diseases (such as dengue and leptospirosis) often exacerbated by post-cyclone flooding and unmanaged dumpsites.

35. **Co-benefit 3: Increased economic contributions (tax, foreign exchange earnings)** The portfolio is projected to generate corporate taxes and foreign exchange earnings over the fund's life. These fiscal contributions **strengthen the macro-economic resilience** of Pacific SIDS, providing governments with the resources needed to maintain critical services during climate shocks.

36. **Co-benefit 4: Livelihood resilience (job creation and increased rural incomes)** MPF1 strengthens the adaptive capacity of households by **diversifying income sources**. The Fund is expected to create direct formal jobs and increase incomes for people in rural and indigenous communities. By transitioning workers from the informal economy into formal employment with legal protections, the project ensures that vulnerable populations have the financial safety nets required to recover from climate impacts.

37. **Co-benefit 5: Gender-sensitive development and women's economic empowerment** MPF1 is structurally designed as a gender-smart investment vehicle, aligned with 2X Challenge criteria to drive systemic social transformation alongside ecological resilience. The programme actively delivers gender equality as a core developmental co-benefit by channeling more than USD 20 million of capital directly to women-led, women-owned, or gender-equitable enterprises across Fiji, Vanuatu, and Tonga. At the enterprise level, the Fund mandates and supports the implementation of gender-responsive workplace policies—including equal pay for equal work, flexible working arrangements to mitigate women's time poverty, and robust safety standards to prevent gender-based violence and harassment. Furthermore, MPF1 will invest in human capital development through a dedicated internship program to train the next generation of Pacific women in finance and business leadership, creating sustainable pathways for female agency and leadership in the green economy. By integrating gender-lens investing with climate-adaptation finance, the Programme ensures that women are empowered as central decision-makers and economic drivers of local resilience.

Barriers

38. The Pacific region faces an existential climate threat where climate hazards (intense rainfall and cyclones) interact with existing local stressors (unmanaged waste, nutrient runoff) to compound the vulnerability of coastal freshwater aquifers and nearshore reefs. The market is failing to respond due to several structural barriers identified in Annex 2 Feasibility Study. These include a lack of patient, risk-tolerant capital for SMEs that are too large for microfinance but underserved by risk-averse commercial banks and a shortage of technical and operational capacity within local SMEs to adopt regenerative models and meet institutional investment standards. MPF1 addresses these barriers through:

Table 2: Barriers inhibiting regenerative, reef-positive and gender-equitable development pathways

Type of Barrier	Barrier Description	MPF1 Area of Intervention (Outputs)
Financial	Adaptation SMEs are typically too large for microfinance but structurally underserved by commercial banks due to rigid collateral requirements and short loan tenures that do not match the cash flows of regenerative projects. A lack of historical performance data and high perceived country risk in the Pacific deter institutional investors from deploying capital without de-risking mechanisms.	**Output 1.1:** Growth capital disbursed to climate- and reef-positive SMEs in conjunction with active hands-on support from the Portfolio Advisor. (deploying patient equity/quasi-equity instruments). **Output 1.5**: Deploying seed-stage equity/SAFEs to transition early-stage community cooperatives toward commercial bankability.
Skills-related	A significant brain drain of skilled professionals has created a management gap. Many local entrepreneurs possess strong technical intent but lack the financial literacy, operational systems, and upper- and middle-management layers required to scale complex, climate-resilient business models.	**Output 1.1:** Growth capital disbursed to climate- and reef-positive SMEs (in conjunction with active co-management support). **Output 1.5** Delivering targeted capacity building, business governance training, and talent development programs to local founders.
Market Organisation	Climate actors and SMEs operate in silos with limited coordination. This fragmentation prevents the formation of efficient supply chains (e.g., waste-to-agriculture inputs) and economies of scale, leaving businesses vulnerable to external economic and climate shocks.	**Output 1.2:** Interconnected SME clusters operationalised (integrating supply chains to build collective resilience). Progress against this barrier is tracked at outcome level through GCF Core Indicator 7 (degree to which GCF investments contribute to market development or transformation at the sectoral, local or national level), as distinct from the Output 1.2 indicator, which counts the number of functional supply chain partnerships established where waste or output from one investee becomes an input for another. The Output 1.2 target is three distinct

		clusters: Waste-to-Agriculture, Sustainable Fisheries and Tourism-Conservation.
Institutional	Prevailing business cultures prioritise short-term extraction over long-term stewardship (Vanua). Furthermore, structural patriarchal norms exclude women from leadership and decision-making, limiting the region's ability to leverage its full talent pool for adaptation.	**Output 1.4:** Local ownership transfer and self-liquidating exit mechanisms executed (implementing Gender Action Plans and formalising employment).
Technical	SMEs often lack the specific technical expertise to implement validated reef-positive interventions (e.g., sediment control, organic certification) or to measure their environmental impact effectively.	**Output 1.3:** Active portfolio co-management, value creation, and impact monitoring executed (verifying the implementation of climate-resilient practices). **Output 1.5** Providing specialized technical assistance to design project-level ESMS, Gender Action Plans, and spatial/ecological monitoring systems.
Awareness	A deficit in granular, localised climate risk data prevents SMEs from designing science-based adaptation strategies. Consequently, the economic value of resilience (for example, reduced storm damage) is not quantified or recognised by the broader market.	**Output 1.3:** Active portfolio co-management, value creation, and impact monitoring executed (demonstrating the viability of reef-positive models). The response to this barrier sits in Activity 1.3.2, monitoring and evaluating financial and impact performance, which generates the granular, localised climate risk and resilience data the market currently lacks. The response to the Technical barrier sits in Activity 1.3.1, creating portfolio value and active co-management.

B.2 (b). Outcome mapping to GCF results areas and co-benefit categorization

Outcome number	**GCF Mitigation Results Area (MRA 1-4)**				**GCF Adaptation Results Area (ARA 1-4)**			
	MRA 1 Energy generation and access	**MRA 2** Low-emission transport	**MRA 3** Building, cities, industries, appliances	**MRA 4** Forestry and land use	**ARA 1** Most vulnerable people and communities	**ARA 2** Health, well-being, food and water security	**ARA 3** Infrastructure and built environment	**ARA 4** Ecosystems and ecosystem services
OUTCOME 1: Restored and resilient coral reef ecosystems and ecosystem services achieved through the reduction of local climate impacts within Pacific Island Countries	☐	☐	☐	☐	☒	☐	☐	☒
OUTCOME 2: Institutionalised gender-responsive climate governance and economic empowerment	☐	☐	☐	☐	☒	☐	☐	☐

within the private sector								
OUTCOME 3: Increased adaptive capacity of marginalised groups through equitable access to climate finance and knowledge	☐	☐	☐	☐	☒	☐	☐	☐
OUTCOME 4: Catalysed market transformation through demonstration and scaling of regenerative, climate-resilient business models for Pacific Island Countries	☐	☐	☐	☐	☒	☐	☐	☐

If any co-benefits have been identified in section B.2(a), fill in the Co-benefit table below to map each co-benefit to the corresponding category as defined in the FP guidance note.

Co-benefit number	**Co-benefit**					
	Environmental	**Social**	**Economic**	**Gender**	**Adaptation**	**Mitigation**
Co-benefit 1: GHG Emissions Reductions	☐	☐	☐	☐	☐	☒
Co-benefit 2: Improved health from waste management services	☒	☒	☐	☒	☐	☐
Co-benefit 3: Increased economic contributions (tax, foreign exchange earnings)	☐	☐	☒	☐	☐	☐
Co-benefit 4: Livelihood resilience (job creation and increased rural incomes)	☐	☒	☒	☒	☐	☐
Co-benefit 5: Gender-sensitive development and women's economic empowerment	☐	☒	☒	☒	☒	☐

B.3. Project/programme description (max. 2500 words, approximately 5 pages)

39. Coral reef resilience is the core focus of MPF1. Locally managed by a team with deep regional experience, the Programme will channel climate- and gender-smart capital into community-serving, reef-positive and gender-equitable Pacific SMEs in Fiji, Vanuatu and Tonga, which are among the world's most climate-vulnerable SIDS. The Programme is organised with defined activities that bridge the gap between development financing institutions, private investors and Pacific-owned businesses critical to resilient ocean communities and to delivering the outcomes and paradigm shift set out in Section B.2(a).

Component 1 – MPF1 Investment Facility

40. Component 1 is MPF1, a Singapore-domiciled General Partner / Limited Partner (GP / LP) blended-finance private equity fund managed by Enyorra Private Equity Pte. Ltd, the Manager (MAS-licensed), with Matanataki Pte Ltd (Fiji-based) as the Portfolio Advisor. The fund targets USD 60 million (with a USD 30 million minimum aggregate first close (comprising combined GCF and co-investor commitments) and cancellation if that total is not reached, and a USD 60 million hard cap), has a 10-year life with a 5-year investment period and invests in approximately ~18 fundamentally sound SMEs in waste management, regenerative agriculture, sustainable fisheries and low-impact tourism using equity and quasi-equity (self-liquidating) instruments. MPF1 aims to deliver, in the base scenario, a net internal rate of return (IRR) of 9.1% to 9.6.% and MOIC of 1.58x to 1.69x across different investor share classes. At the fund level this is a fund gross IRR of 14.3%, net IRR of 10.9% and MOIC of 1.80x. Its investment strategy involves active co-ownership value creation via an interconnected deal flow approach. This approach diversifies risk by including larger, profitable investments alongside smaller, community-owned cooperatives that deliver social and economic development impact. This "interconnected deal flow approach", profiled in the "Financing the UN Development System Report" 2023[4], strengthens supply chains and amplifies impact in Pacific SIDS. An example of how SME clusters interconnect to create greater, sustainable impact is illustrated below. It shows a real-world example from the Portfolio Advisor's work as an implementing partner to the United Nations Capital Development Fund (UNCDF) under the Global Fund for Coral Reefs (GFCR) pilot in Fiji, where the Portfolio Advisor sourced and developed locally driven, regenerative business solutions. Matanataki Pte Ltd was the Recipient Institution under three performance-based grant agreements with UNCDF, committing USD 1,011,500 in total: USD 300,000 to establish and operate a technical assistance facility and deliver investment-readiness services to five Fijian enterprises; USD 230,000 for enterprise preparation of Project Fetu'u Moana; and USD 481,500, as amended, for Project Vonu.

41. GCF is a funder of the GFCR, anchoring its Investment Window with USD 125 million approved under FP180 in 2021 and deployed through Pegasus Capital Advisors. GCF did not fund the Portfolio Advisor's mandates, which UNCDF financed from pre-GCF GFCR and UN Joint SDG Fund resources. The seed investments referred to were made from the Portfolio Advisor's own and related-party balance sheets rather than from GFCR resources. No MPF1 pipeline company has received GFCR investment capital.

[4] https://financingun.report/sites/default/files/2023-09/DHF-FinancialReport-2023-WEB.pdf, p. 228

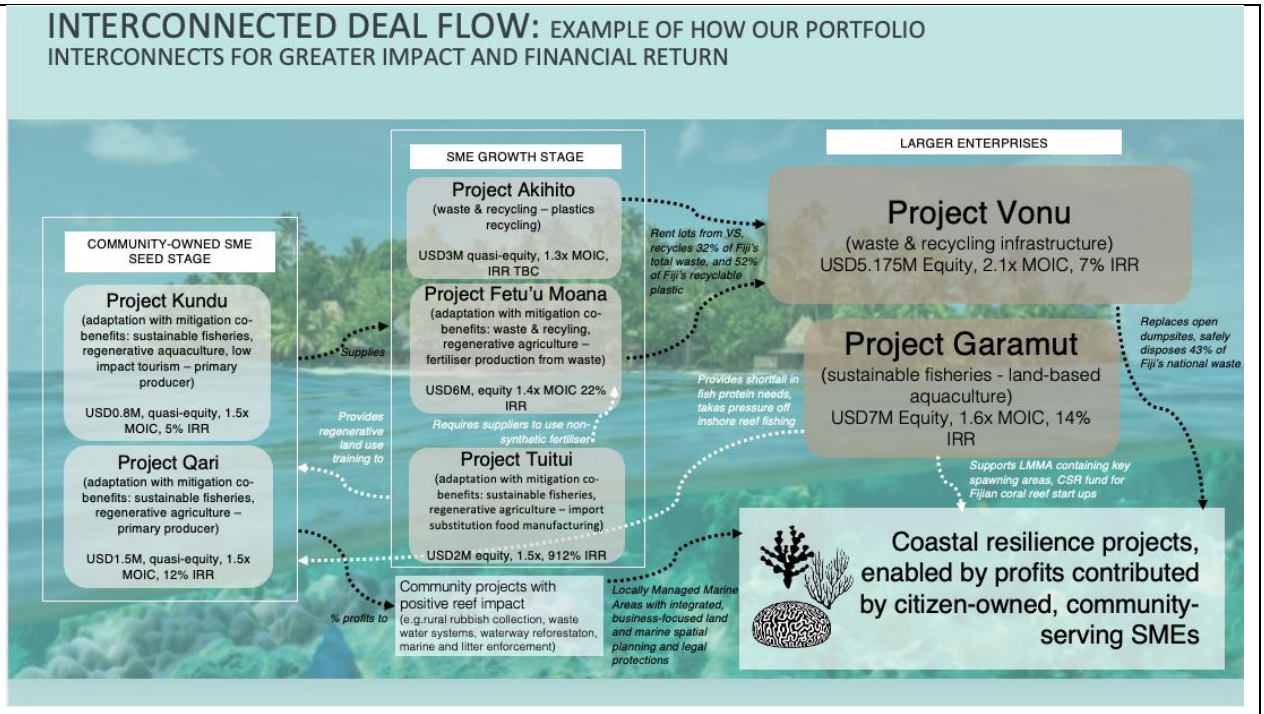


Figure 5: Interconnected deal flow, source: Matanataki Pte Ltd. 2023.

42. MPF1 enters the market with a robust, proprietary pipeline developed over six years of active origination, comprising ten investment-ready or near-ready transactions out of an anticipated ˜18 portfolio Pacific/local SMEs and community-owned cooperatives, representing approximately 50% of the Fund's target capital deployment. This is alongside 3 identified regional anchor opportunities in Tonga and Vanuatu (Project Salala, Project 'Anga, and Project Malau). The Fund therefore expects to originate ˜8 additional investments to reach the full ˜18-company portfolio, and all ˜18 Pacific/local SMEs and community-owned cooperatives will be systematically screened and assessed against the Fund's climate, gender, ESG and commercial eligibility criteria prior to investment approval.

43. Screened from over 150 potential opportunities, the pipeline targets four critical 'reef-positive' sectors—Waste Management and Recycling, Regenerative Agriculture, Sustainable Fisheries, and Low-Impact Tourism—selected for their ability to mitigate local climate impacts on coral reefs while generating commercial returns. Uniquely, the Fund employs an interconnected deal flow strategy, creating clusters of complementary enterprises (e.g., waste-to-agriculture inputs) to strengthen regional supply chains and amplify resilience outcomes. Anchored initially in Fiji to leverage the team's deep local networks and proof-of-concept assets—such as the Pacific's first large-scale waste recycling facility and industrial-scale organic fertiliser production—the pipeline is structured to expand into Vanuatu and Tonga as origination partnerships mature.

Table 3: Indicative pipeline Pacific/local SMEs and community-owned cooperatives

No.	Project	Description	Deal Size $ ('000)	ARA	Sector
		Fiji			
1	Project Vonu (Sea Turtle) (identified – indicative)	A world-class resource recovery and waste-to-bioenergy solution that quickly and effectively contains the urgent problem of leaking coastal dumpsites and provides the basis for stacked waste management solutions and economic opportunities.	5,150	ARA 1	Fisheries, Waste & Recycling
2	Project Garamut (Parrotfish) (identified – indicative)	A turn-key commercial system for tilapia, recycling water with no discharge to water bodies, scaling toward a production volume that would represent a significant multiple of	2,000	ARA 1	Aquaculture/ Fisheries

		current national tilapia output by the end of the decade.			
3	Project Akihito (Emperor Fish) (identified – indicative)	A multi-stream recycling platform in Fiji, taking advantage of significant market opportunity for material sourcing and value addition with a clear impact-focused vision emphasizing social equity and social justice for informal waste pickers.	3,000	ARA 1	Fisheries, Waste & Recycling
4	Project Kaura (Snapper) (identified – indicative)	A long-established Fijian longline fishing and marine services company, making a material annual contribution to the domestic economy.	6,000	ARA 1	Aquaculture/ Fisheries
5	Project Fetu'u Moana (Starfish) (identified – indicative)	A spin-off of an established Fijian waste transport company, this company will produce local non-synthetic fertilizer made from green waste, fish waste and animal manures otherwise destined for landfill, providing the sugar and agriculture industries with much needed locally produced inputs, and creating ecosystem benefits from ridge to reef.	6,000	ARA 1	Fisheries, Waste & Recycling
6	Project Tuitui (Sea Urchin) (identified – indicative)	A growth-stage investment into an established Fijian snack food manufacturer, sourcing sustainably grown produce from local growers to expand into culinary ingredients and Fijian cuisine ready meals.	2,000	ARA 1	Fisheries, Light Manufacturing
7	Project Te Bakoa (Giant Clam) (identified – indicative)	A women-owned cooperative sourcing sustainably caught fish in Fiji's remote outer islands, and supplying product via a cold chain to urban areas on the main island.	250	ARA 1	Fisheries, Light Manufacturing
8	Project Qari (Crab) (identified – indicative)	A community-owned sea cucumber ranching cooperative, solving the overexploitation of wild sea cucumbers which are critical to well-functioning reefs.	1,500	ARA 1	Aquaculture & Fisheries
9	Project Kundu (Clown Fish) (identified – indicative)	Community-owned agriculture, fisheries and eco-tourism cooperative, owned by indigenous Fijians using sustainable farming and fishing practices to restore health to their collectively owned land & fishing grounds.	800	ARA 1	Tourism & Fisheries
10	Project Albacore (Bonefish) (identified – indicative)	A cooperatively owned food and tourism cooperative, which is proving iTaukei ability to operate profitable cooperatives which actively restore the wellbeing of all people, the land and ocean.	356	ARA 1	Tourism & Fisheries
11	Project Moa (Lionfish) not yet identified – indicative)	A Fijian food company specialising in value-added poultry and local produce-based snack foods and ready-to-eat meals, partnering with smallholders to improve food security, import substitution and rural incomes.	2,250	ARA 1	Manufacturing / Agriculture
12	Project Te Rawa (Moray Eel) (identified – indicative)	A vertically integrated fisheries and marine services company, operating small-vessel fleets and harbour-side services while supplying high-quality reef and pelagic fish to domestic hotels and export buyers.	3,937	ARA 1	Aquaculture & Fisheries
13	Project Nawita (Shark), (identified – indicative)	A multi-stream recycling platform in Fiji, taking advantage of significant market opportunity for material sourcing and value addition with a clear impact-focused vision	4,000	ARA 1	Fisheries, Waste & Recycling

		emphasizing social equity and social justice for informal waste pickers.			
		Vanuatu			
14	Project Malau (Squirrelfish) (not yet identified – indicative)	A growth-stage investment into an established Vanuatu food manufacturer, sourcing sustainably grown root crops and fresh produce from smallholder farmers to supply branded ni-Vanuatu snacks and meals to domestic and regional markets.	3,500	ARA 1	Manufacturing / Agriculture
15	Project Uga (Crab) (not yet identified – indicative)	An established longline and nearshore fishing and marine service operators, employing local crews and building a reliable, traceable supply of sustainably caught tuna and reef fish for processors, retailers and regional export markets.	6,000	ARA 1	Aquaculture & Fisheries
16	Project 'Anga (Octopus), (identified – indicative)	A community-owned sea cucumber ranching cooperative, solving the overexploitation of wild sea cucumbers which are critical to well-functioning reefs.	6,307	ARA 1	Aquaculture & Fisheries
		Tonga			
17	Project Ura (Lobster) (not yet identified – indicative)	A Tongatapu-based food processing and light manufacturing business producing high value export products using sustainably harvested coastal resources and locally grown crops, expanding distribution to export markets.	3,475	ARA 1	Manufacturing / Agriculture
18	Project Salala (Stingray), (identified – indicative)	A community-owned sea cucumber ranching cooperative, solving the overexploitation of wild sea cucumbers which are critical to well-functioning reefs.	3,475	ARA 1	Aquaculture & Fisheries
Total			**60,000**		

N.B. 10 ready/near-ready Fiji deals and 3 identified regional deals (13 total), with 5 remaining to be sourced. This is a snapshot and not a fixed roster.

44. Several indicative opportunities in Table 3 are structured as community- or member-owned cooperative enterprises. These include proposed investments such as Kundu, Te Bakoa, Qari, Albacore, ‘Anga, and Salala which aggregate local producer and resource-user groups into single investable platforms that are expected, subject to Investment Committee approval, to serve communities ranging from single villages (tens of members) to sub-provincial clusters of cooperatives and producer groups (up to low thousands of people). These community-linked structures are therefore counted within the Fund’s locally owned cooperative allocation, while precise membership numbers and governance arrangements will be finalised through due diligence and IC review. Across the final portfolio, it is anticipated that a minimum of three but no more than four portfolio companies will be structured as community or member-owned cooperatives, representing approximately 5–10% of total fund capital, with the balance invested into Pacific/local SMEs that maintain strong community linkages and inclusive local governance mechanisms. These parameters will be reflected in the MPF1 Term Sheet (Schedule 2: Eligibility Criteria) and used to guide Investment Committee decisions on cooperative-linked opportunities. Due diligence is conducted through a collaborative, talanoa-based process that includes stakeholder mapping and consultations with cooperative representatives, enterprise owners, women and youth to understand membership, benefit-sharing and decision-making structures. During deal preparation and post-investment, business plans, safeguard and gender action plans, and 180-day project plans are co-developed with community stakeholders, with TA funding available to support facilitation, translation and governance strengthening so that investment terms, instruments and use of TA respond to cooperative-wide needs and consent processes.

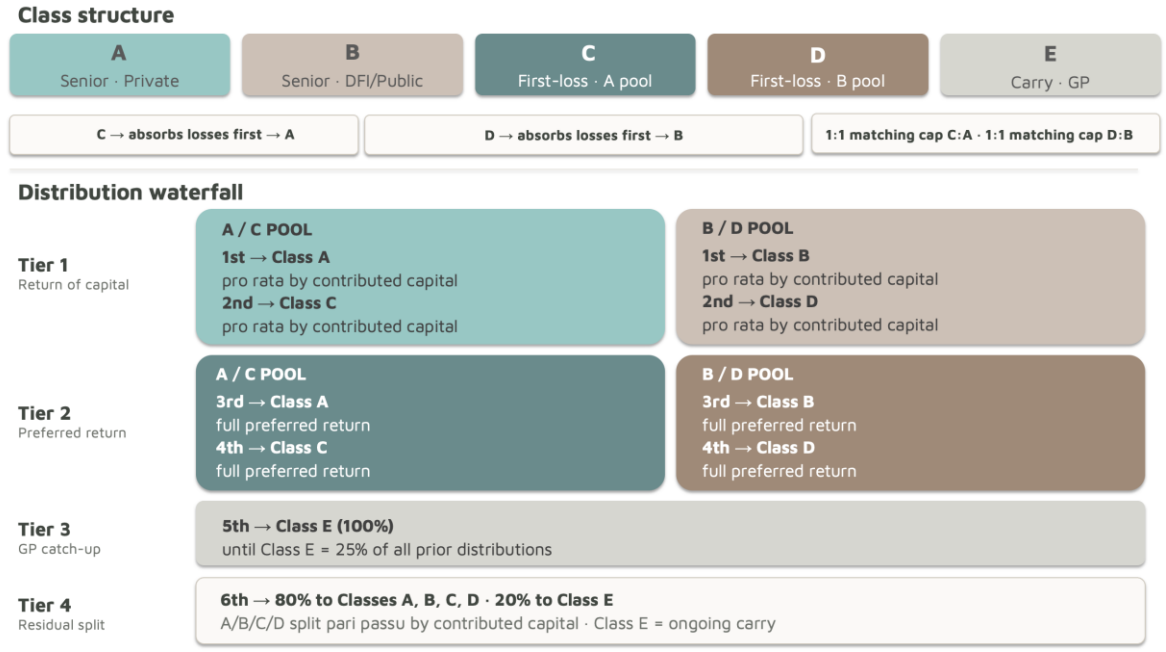
45. At the investee level, MPF1’s waste-related investments will reduce land-sea pollution and methane emissions; regenerative agriculture investments are expected to reduce runoff and improve soil moisture. In addition, MPF1’s investments in sustainable fisheries will improve stock management and reef health, and investments in low-impact tourism are expected to protect habitats while supporting non-extractive livelihoods.

46. Related-party interests in the pipeline: three pre-fund investments were made by Matanataki Pte Ltd (MPL) or entities under the same beneficial ownership, none using GFCR or UNCDF funds. MPL acquired Project Akihito from its foreign owners in 2021 for approximately USD 160,000, held it for twelve months while local management raised the purchase price, and divested to those managers in 2022 at cost; the company is now wholly Fijian-owned and remains in the MPF1 pipeline. In 2024 The Josei Shiraito Group Pte Ltd (TJSG), an investment holding company under the same beneficial ownership as MPL, subscribed USD 30,000 for 25% of Project Fetu'u Moana. TJSG also provided Project Albacore an interest-free reimbursable grant of FJD 29,228.05 in March 2024, of which FJD 27,228.05 remains outstanding under a revised schedule within the existing term.

47. TJSG will exit Project Fetu'u Moana in full at cost, by sale of its ordinary shares to the founding family, before any MPF1 investment, so that no MPF1 capital acquires an interest from a related party and no gain accrues to the General Partner. The relationship is recorded on the Fund's conflicts register and disclosed to the LPAC. Under the Term Sheet all actual or material potential conflicts must be disclosed to the LPAC, and affiliate transactions require either an arm's-length determination or LPAC approval. The Founding GP will recuse herself from Matanataki Advisory Committee and Investment Committee decisions on Project Fetu'u Moana and Project Albacore. Valuation follows IPEV and IFRS 13 with at least quarterly valuation and independent valuation review, and any MPF1 entry price will be independently supported and set without reference to the related-party cost base. No formal impact monitoring was undertaken on these three transactions; they were small balance-sheet investments made before the Fund existed and without a monitoring budget, so the tonnage and hectare figures in the pipeline documentation are modelled projections rather than measured results.

48. MPF1 will operate through a five-class capital structure comprising Class A (senior private investors), Class B (senior MDB/public investors), Class C (first-loss public investors providing downside protection to Class A), Class D (first-loss investors providing downside protection to Class B, if activated), and Class E (GP carry), with distributions governed by the waterfall reflected in the latest fund model and waterfall diagram. Under the current fundraising plan, several major MDBs and DFIs are engaged in advanced due diligence for potential commitments, with internal approvals anticipated ahead of consideration of the funding proposal at B.46; discussions with a Bilateral DFI remain at an earlier, exploratory stage. Any portion of Class C commitments not required for this first-loss function will automatically be reallocated to Class B on senior terms to preserve capital efficiency and maintain the intended 1:1 matching logic between junior protection and the relevant senior pool. The GP commitment is contributed through the Special Limited Partner on senior and junior LP terms, while carried interest is allocated separately through Class E in accordance with the Fund's governing documents and distribution waterfall. A visualisation of the class structure and distribution waterfall is provided in the table below. The Fund's distribution waterfall, shown in the diagram and summarised in Table 4, allocates cash flows in four simple steps within each senior/junior capital pool. First, all investors in the relevant pool receive back their contributed capital, pro rata. Second, they receive their agreed preferred return in full. Third, once capital and preferred returns have been fully paid, the Special Limited Partner (Class E carry class) receives a 100 percent share of distributions until the cumulative amount distributed to the Special Limited Partner is equal to 20 percent of the aggregate of amounts distributed to Class A, Class C, and Class E under the waterfall provisions. Finally, any remaining distributions are shared 80 percent to investor Classes A–D and 20 percent to Class E, with investor classes sharing their 80 percent entitlement in proportion to capital contributed, which preserves the intended 1:1 protection between first-loss and senior tranches and aligns the GP's incentives with both downside protection and long-term value creation for investors.

Table 4: Class Structure and Distribution Waterfall of MPF1



49. Activities under Component 1 (MPF1) follow a disciplined investment management process as follows (and detailed in the fund's Investment Management Standard Operating Procedure (SOP) (in Annex 21).

50. **Output 1.1 Growth capital disbursed to climate- and reef-positive SMEs (pre-investment activities)** This output focuses on the core investment function of the Fund: deploying USD 60 million in patient equity and quasi-equity capital into a diversified portfolio of SMEs that drive climate resilience and providing critical active hands-on support from the Portfolio Advisor both pre-investment (for investment readiness) and post investment (supporting operational growth and impact). By rigorously selecting and strengthening enterprises in the waste, agriculture, fisheries, and tourism sectors, MPF1 ensures that capital flows only to businesses that deliver measurable adaptation benefits.

51. MPF1 applies a strict operational definition to determine whether a prospective SME is climate-relevant and reef-positive. To qualify for investment, an SME must meet these operational criteria during the pre-investment screening and due diligence phases:

    I. **Sectoral Alignment with Reef-Positive Windows**. The SME must operate within one of the Fund's four core climate resilience sectors:

        - Waste Management & Circular Economy,
        - Regenerative Agriculture,
        - Sustainable Fisheries, or
        - Low-Impact Tourism.

    The business model must demonstrate a clear operational pathway to reducing specific, local climate stressors (see climate impact chains) that currently undermine the biological buffering capacity and thermal tolerance of Pacific coral reef ecosystems.

    II. **Satisfying the Programmatic Vulnerability Assessment Framework (PVAF)** The SME cannot rely on generic climate impact claims; it must successfully pass the six-step PVAF (detailed in Annex 24c). This acts as

    III. a strict operational threshold requiring the SME to:

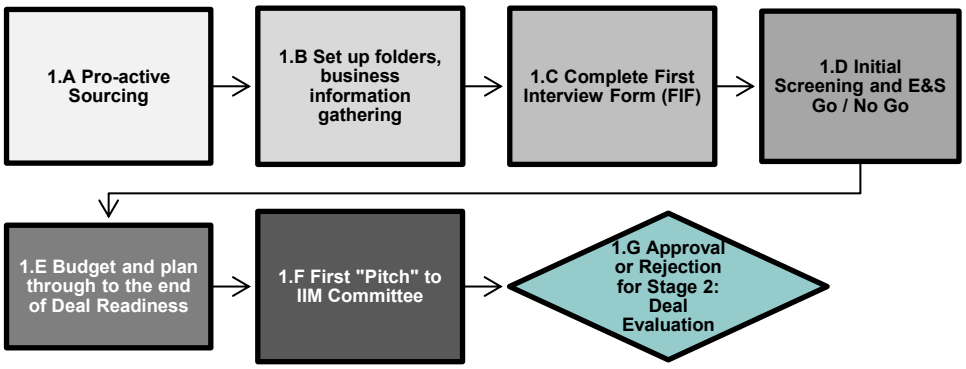
        - Establish a Climate Rationale: Demonstrate a scientifically robust causal link between a specific climate hazard (e.g., ocean warming, increased cyclone intensity), local community vulnerability, and the proposed intervention.
        - Pass Sensitivity Testing: Prove the durability of the specific business technology or practice against downscaled RCP 4.5 and RCP 8.5 climate projections (e.g., waste

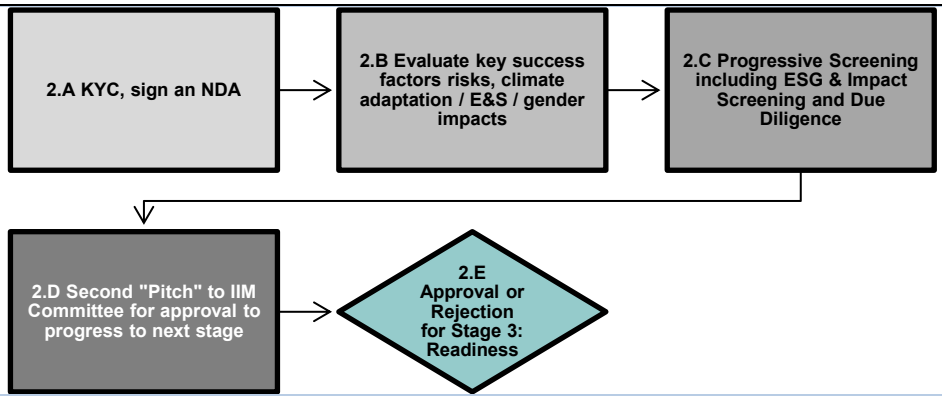
infrastructure sited safely above projected flood lines; agriculture adopting agroforestry to stabilize soil against rainfall volatility).

- Establish Adaptation Additionality: Document the specific financial or technical barriers that prevent this adaptation outcome from occurring under a business-as-usual scenario without GCF intervention.
- Pass Maladaptation Screening: Prove the intervention does not lock-in vulnerabilities, create resource conflicts, or displace customary tenure.

IV. **Adherence to Strict ESG, Safeguards, and Exclusion Thresholds.** To be deemed climate-relevant and reef-positive, the enterprise must pass strict negative and positive screening thresholds:

- Exclusion List: It must not trigger any activities on the Fund's Exclusion List, which is fully aligned with the GCF and other MDB exclusion criteria (e.g., zero involvement in fossil fuels, hazardous waste, or the conversion of natural habitats).
- Impact and Safeguard Commitments: The enterprise must formally commit, via its Shareholder Agreement, to adopting an Environmental and Social Management System (ESMS) aligned with IFC Performance Standards, and co-developing a Gender Action Plan that aligns with 2X Challenge criteria (targeting a minimum of 30% women in leadership and equitable employment measures).

ACTIVITY	SUB-ACTIVITIES
Activity 1.1.1: Originating pipeline and screening for climate rationale Deal Screening	**Sub-activity 1.1.1.1** Proactive sourcing of aligned prospects through strong local networks. **Sub-activity 1.1.1.2** Initial screening to ensure Pacific/local SMEs and community-owned cooperatives meet legal and investment criteria. **Sub-activity 1.1.1.3** Environmental and social (E&S) assessments for compliance. **Sub-activity 1.1.1.4** Internal Investment Team (IIM) approval to advance deals to evaluation. 
Activity 1.1.2: Assessing impact feasibility and commercial viability Deal Evaluation	**Sub-activity 1.1.2.1** Conducting KYC checks. **Sub-activity 1.1.2.2** Assessing key success factors, risks, climate adaptation impacts, and gender considerations. **Sub-activity 1.1.2.3** Progressive screening for deeper compliance evaluations. **Sub-activity 1.1.2.4** Second pitch to IIM for approval to proceed to deal readiness.



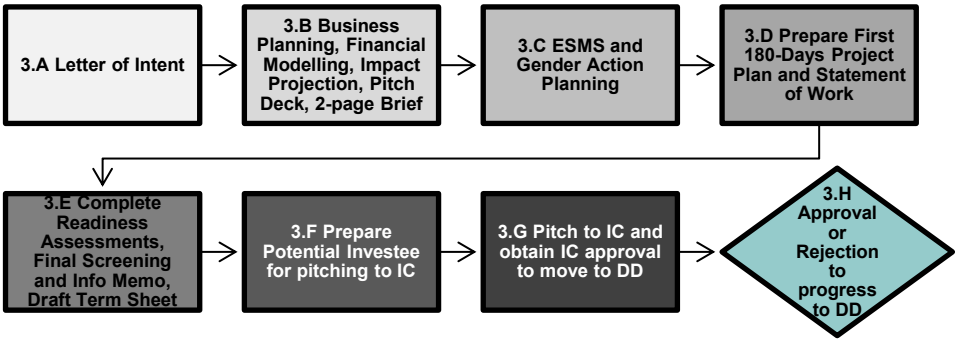
Activity 1.1.3: Conducting fiduciary, legal, and E&S due diligence.

Deal Readiness

Sub-activity 1.1.3.1 Collaborating with potential investees on business planning, financial modelling, impact projections, and pitch decks.

Sub-activity 1.1.3.2 Developing Environmental and Social Management Systems (ESMS) and Gender Action Plans.

Sub-activity 1.1.3.3 Preparing 180-day project plans and term sheets for IC approval.



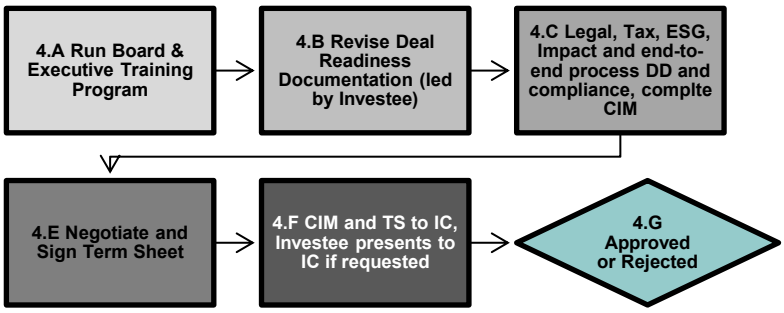
Activity 1.1.4: Structuring investments

Due Diligence and Final IC Approval

Sub-activity 1.1.4.1 Conducting comprehensive legal, tax, ESG, and impact due diligence.

Sub-activity 1.1.4.2 Negotiating term sheets and finalising Confidential Information Memos.

Sub-activity 1.1.4.3 Securing IC approval for investment readiness.

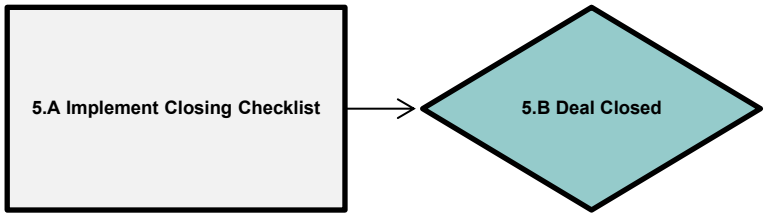


Activity 1.1.5 Deploying Capital

Investment Closing

Sub-activity 1.1.5.1 Executing legal agreements and corporate documents.

Sub-activity 1.1.5.2 Implementing closing checklists to finalise investments and call capital.



52. **Output 1.2 Interconnected SME clusters operationalized.** This output creates the network effect where portfolio Pacific/local SMEs and community-owned cooperatives support and trade with each other (although not exclusively as this would create supply chain concentration risk). It operationalises the Fund's unique interconnected deal flow strategy. Rather than managing investments in isolation, MPF1 actively structures commercial and logistical linkages between portfolio Pacific/local SMEs and community-owned cooperatives, ensuring businesses work toward a common vision, strategy and execution plans delivering climate resilience and gender equity. By creating clusters of complementary businesses (e.g., waste-to-agriculture, fisheries-to-tourism), the Fund builds collective resilience against supply chain shocks and market volatility and delivers impacts measurable at land- and marine-scape levels.

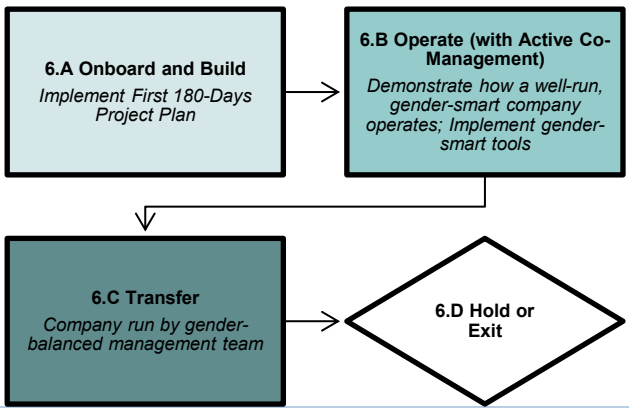
53. To operationalise these interconnected clusters, MPF1 will actively broker cross-portfolio relationships that establish supply chains linkages and shared resource pools. Based on the indicative pipeline, potential *examples of clusters* may include:

- **Waste-to-Agriculture Clusters**: Project Fetu'u Moana, an organic fertiliser producer, may act as a foundational hub by sourcing raw inputs—such as fish waste from commercial fisheries (e.g., Project Kaura or Project Te Rawa) and organic green waste from eco-tourism and agricultural cooperatives (e.g., Project Kundu). The resulting non-synthetic fertilisers may then be supplied back to local farmers and cooperatives to improve soil health and crop yields, which ultimately feed into portfolio food manufacturers like Project Tuitui or Project Moa.
- **Fisheries-to-Retail/Tourism Clusters**: Sustainable and traceable catch generated by remote community enterprises, such as Project Te Bakoa (women-owned outer island fisheries) or Project Qari, 'Anga, and Salala (sea cucumber ranching), may secure reliable off-take agreements with other portfolio entities. This catch may supply community-focused tourism operators like Project Albacore or be integrated into the value-added supply chains of food processing companies like Project Te Rawa or Project Tuitui.
- **Shared Logistics and Resources**: To overcome the high transaction costs of fragmented island markets, the Fund may coordinate shared logistics networks. For instance, the solar cold chain established for remote fishers under Project Te Bakoa could be utilised by Project Garamut (tilapia aquaculture) or regional exporters, sharing physical assets to lower operating expenditure (OPEX) and limit post-harvest losses.

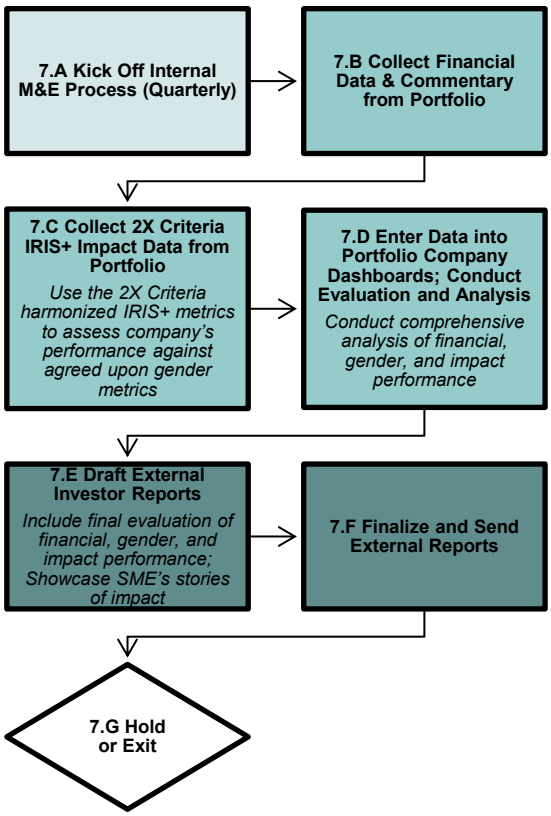
ACTIVITY	SUB-ACTIVITIES
Activity 1.2.1 Structuring commercial linkages and operationalising interconnected supply chains The Portfolio Advisor actively brokers and formalises relationships within the portfolio to secure revenue and reduce import dependence.	**Sub-activity 1.2.1.1: Establishing cross-portfolio supply agreements:** The Fund negotiates and executes binding supply contracts between investees. For example, structuring an offtake agreement where a portfolio hotel commits to purchasing sustainable seafood from a portfolio fisheries company, or a fertilizer company purchases (invasive seaweed) organic inputs from a fisheries and agriculture cooperative. **Sub-activity 1.2.1.2: Implementing shared logistics and resource pools:** To overcome the high transaction costs of fragmented island markets, the Fund coordinates shared services. This includes consolidating procurement orders (e.g., packaging) and sharing physical logistics assets (e.g., cold-storage trucks or vessels) between multiple SMEs to lower operating costs (OPEX). **Sub-activity 1.2.1.3: Integrating production cycles:** The Fund aligns production schedules to ensure that waste outputs from one investee

	(e.g., fish waste) are immediately processed by another (e.g., organic fertiliser production), minimising resource loss and maximising circular value capture.

54. **Output 1.3 Active portfolio co-management, value creation, and impact monitoring executed.** This output encompasses the active ownership phase where the Portfolio Advisor executes onboarding and active co-management. By embedding within the portfolio company's governance, the Fund ensures that capital deployment translates into verified ecosystem restoration and operational maturity.

ACTIVITY	SUB-ACTIVITIES
Activity 1.3.1: Creating portfolio value and active co-management Portfolio value creation: The Portfolio Advisor executes a structured active co-management strategy to mandate the adoption of regenerative business models and drive value and resilience.	**Sub-activity 1.3.1.1: Onboarding and building processes:** The Portfolio Advisor begins onboarding portfolio Pacific/local SMEs and community-owned cooperatives to build standardised and optimised processes and systems immediately post-investment. This includes implementing the "First 180-Days Project Plan" to professionalise financial controls, HR policies, and operational workflows. **Sub-activity 1.3.1.2: Executing active co-management and Gender Action Plans:** The Portfolio Advisor provides active co-management for at least two years, providing technical assistance and implementing gender-smart tools. This may involve holding embedded management coaching positions in addition to long term board roles, ensuring the company meets its regenerative and commercial targets. It will also include developing and deploying the Gender Action Plan (GAP) to establish equitable HR policies, safety standards, and leadership targets alongside commercial growth strategies. **Sub-activity 1.3.1.3: Preparing for leadership transition:** The Fund actively manages the process of transitioning leadership roles to gender-balanced local teams by Year 3. This involves identifying and mentoring local successors during the co-management phase to ensure readiness for the final transfer. 
Activity 1.3.2: Monitoring and evaluating financial and impact performance This activity ensures rigorous oversight through a structured quarterly data cycle.	**Sub-activity 1.3.2.1: Collecting performance data:** The Portfolio Advisor executes the quarterly process of collecting financial and impact data from portfolio Pacific/local SMEs and community-owned cooperatives, including IRIS+ metrics and gender data to verify 2X Challenge compliance. **Sub-activity 1.3.2.2: Reporting and analysis:** This involves updating dashboards and drafting external investor reports quarterly, providing transparent analysis of the portfolio's financial health and ecosystem impact against baselines. **Sub-activity 1.3.2.3: Review on hold or exit:** Based on performance data, the Portfolio Advisor engages in deciding on holding or exiting

positions starting Year 4, determining whether the company is ready for exit.



55. **Output 1.4 Local ownership transfer and self-liquidating exit mechanisms executed** This output operationalises the Fund's exit strategy, ensuring that the wealth and resilience created during the investment period are permanently anchored within the local community. Unlike traditional private equity which often requires trade sales to foreign buyers, MPF1 uses a structured transfer strategy in which its quasi-equity and other self-liquidating instruments are repaid from the portfolio company's cash flows over time. For MPF1, this suite of instruments is limited to ordinary equity and a defined set of quasi-equity instruments (convertible loans, equity-linked preferred equity, participating preferred equity, redeemable or callable preferred shares and demand dividends), as further described in paragraph 69, and the Fund does not anticipate using additional instrument types. This allows investors to receive their capital back without forcing a sale of the business, while ownership and control are progressively transferred to local and indigenous founders, employees and gender-balanced local management teams. As a result, the project's economic legacy and the resilient asset clusters created remain in the hands of Pacific Islanders over the long term.

ACTIVITY	SUB-ACTIVITIES
Activity 1.4.1: Executing exit strategy and securing local ownership Exit: MPF1 aims to exit investments and achieve returns mostly through self-liquidating instruments, ensuring wealth and assets are retained locally.	**Sub-activity 1.4.1.1: Transferring control to local teams:** The Fund executes the final legal transition of portfolio company leadership from active co-management to local gender-balanced teams. This finalises the shift in ownership and control to local and indigenous founders or employees. **Sub-activity 1.4.1.2: Executing self-liquidating exits:** The Fund achieves target IRRs for investors while meeting impact targets by managing self-liquidating instruments (e.g., redemption of shares). This avoids the need for forced trade sales to external buyers, protecting the community-centric nature of the business. **Sub-activity 1.4.1.3: Maximising cluster value:** The Fund leverages the interconnected deal flow approach to build clusters of Pacific/local SMEs

	and community-owned cooperatives (e.g., waste-to-ag supply chains) to maximise collective asset value across sectors prior to exit, ensuring the portfolio exits as a resilient, integrated ecosystem rather than isolated assets.

56. **Output 1.5: Investment-ready, regenerative SMEs and fund-level E&S, gender, impact and reef-health systems institutionalised** To overcome the high transaction costs and limited operational readiness of Pacific SIDS enterprises, the Programme integrates a comprehensive capacity-building and systems-institutionalisation framework under Component 1. To align with mainstream private equity structuring principles and LP expectations, GCF's capital remains 100% pooled equity. Output 1.5 is delivered through a coordinated funding model that distinguishes between the complementary, grant-funded Technical Assistance Facility (TAF) and the catalytic deployment of GCF's pooled equity:

    I. **Bilateral Donor Grant Co-Financing (grant-funded TAF: USD 1.0 million minimum viable, USD 3.0 million target):** Financed entirely through complementary donor contributions (e.g., BILATERAL GOVERNMENT GRANT DONOR), the TAF sits outside the GCF-funded activities but is functionally integrated into the Fund's impact delivery model. It directly covers non-recoverable, specialized technical expenses that regional SMEs cannot afford, such as project-level feasibility studies, company-level Environmental and Social Management Systems (ESMS), Gender Action Plans (GAPs), and intensive stakeholder consultations. Under the minimum viable scenario, company-level ESMS development, Gender Action Plans and core safeguards work are prioritised and delivered in full; feasibility studies, extended stakeholder consultation and the breadth of independent third-party review scale with available funding.

    II. **GCF Catalytic Equity (USD 3.0 Million equivalent):** Deployed at the portfolio level through appropriate, fund-compliant equity mechanisms:

        - *Portfolio Advisory Support:* Funded through the standard 2.5% management fee allocation of GCF's USD 15.0 million over five years, which finances the local Portfolio Advisor's intensive on-the-ground operational co-management.
        - *Seed-Stage Investments:* Deployed strictly as equity or quasi-equity instruments (such as SAFEs) within the investment model to transition early-stage community-owned cooperatives toward bankability.

ACTIVITY	SUB-ACTIVITIES
Activity 1.5.1: Providing pre-investment support to pipeline companies **This activity prepares early-stage SMEs, community enterprises, and cooperatives for commercial capital before final investment decisions are made**.	Sub-activity 1.5.1.1: Business planning and financial structuring Sub-activity 1.5.1.2: Feasibility and risk assessments Sub-activity 1.5.1.3: Pilot design and regulatory support Sub-activity 1.5.1.4 Provide mandatory Board and Executive training to potential investees
Activity 1.5.2: Providing post-investment support to portfolio company for operational growth and impact This activity supports investees during their critical post-investment scaling phase (specifically Years 1–3) to ensure commercial and resilience success**.**	Sub-activity 1.5.2.1: Building capacity and governance Sub-activity 1.5.2.2: Implementing regenerative standards Sub-activity 1.5.2.3: Operational innovation and exit support

Activity 1.5.3: Establishing fund-wide impact and E&S architecture. **This activity builds the specialized systems required to monitor, manage, and report on the ecological and social impacts of the portfolio in line with GCF, 2X Challenge, and GIIN IRIS+ standards**.	Sub-activity 1.5.3.1: Impact Measurement and Management (IMM) Sub-activity 1.5.3.2: Strengthening the enabling environment Sub-activity 1.5.3.3: Institutionalising fund capacity
Activity 1.5.4: Capacity building and talent development. This activity strengthens the human capital and governance systems of local enterprises, with a strong focus on empowering local managers, women, and indigenous leaders.	Sub-activity 1.5.4.1: Capacity programs developed at the fund level and delivered to all investees Sub-activity 1.5.4.2: Bespoke training developed specifically for portfolio companies.
Activity 1.5.5: Seed Investments – SAFEs for community-owned cooperative business. **This activity provides early-stage risk capital to community-owned cooperatives and landscape-level initiatives that are too early for traditional growth equity but possess massive climate-resilience and local ownership potential**.	Sub-activity 1.5.5.1: Seed investments made into select companies on a needs basis via Simple Agreements for Future Equity.

57. The rationale to establish MPF1 as the intervention is based on extensive local experience of MPF1's General Partners and drawn from feasibility studies. Design reflects a tailored response to systemic and unique regional barriers, leveraging lessons from past initiatives while addressing gaps in the existing investment ecosystem. The evaluation of the only previous regional investment fund, ADB's Kula Fund (1997–2007), provided insights including the need for self-liquidating instruments and TA, a reduced minimum investment size and active co-management. Alternative solutions include traditional grant-based funding (which lack the sustainability and scalability of market-based solutions) and direct lending (not suitable for early-stage businesses with limited collateral or growth businesses with innovative propositions). Debt is available via commercial banks at low interest, but requires securitisation, which MPF1's pipeline typically does not have.

58. MPF1's equity and quasi equity investment approach offers a more flexible solution not previously available in the region, combining patient risk capital with hands on active co-ownership, and TA and ESG & support from complementary donor contributions. Trade-offs may include the complexity of managing a diverse portfolio requiring a larger investment management team, and extensive due diligence, value creation, active hands-on co-ownership and monitoring. However, the potential benefits of increased climate resilience, gender equity, and economic development outweigh the trade-offs. MPF1, with its team's deep local knowledge and unwavering commitment to creating an inclusive and regenerative economic system,

represents a unique locally grounded approach to delivering climate resilience and gender equity is poised to unlock private sector solutions which will build climate resilience and gender equity in the Pacific.

59. MPF1's equity and quasi-equity strategy will be implemented through a defined suite of instruments tailored to the cash-flow profile and legal context of each investee. In addition to ordinary equity, the Fund expects to use: (i) convertible loans, which begin as debt and convert into equity upon predefined triggers such as future financings or exit events; (ii) equity-linked preferred instruments, which are legally equity but structured to behave like debt through cumulative dividends, redemption rights and minimum return hurdles; (iii) participating preferred equity, which combines a preferred dividend with participation in residual equity upside; (iv) redeemable or callable preferred shares, which must be repurchased by the company at a future date, often at a premium; and (v) demand dividends, under which the company pays a fixed percentage of revenues or cash flow until an agreed total return multiple or IRR cap is reached, at which point the instrument is extinguished. Consistent with MPF1's self-liquidating design and focus on preserving local ownership, the Fund anticipates a strong preference for redeemable or callable preferred shares and demand dividend structures, with other instruments used selectively where they best align incentives and local legal or tax considerations.

60. Furthermore, programme design has been informed not only by feasibility studies but by extensive and ongoing structured community and enterprise consultations undertaken during Fiji-focused pipeline development from 2019 to 2025, alongside formal country-ownership engagement with national counterparts in Tonga and Vanuatu. These engagements, which are detailed in Annex 7 (Stakeholder Engagement Plan), form the basis for MPF1's fund-level stakeholder engagement framework to be applied consistently across Fiji, Tonga and Vanuatu, with country- and investment-specific measures defined during screening and due diligence. These consultations included talanoa-style dialogues, small-group meetings, interviews and workshops with Indigenous leaders, cooperative representatives, enterprise owners, women and youth, and informed pipeline prioritisation, the design of business plans and investment structures, and the identification of project-specific adaptation, gender and safeguard measures. For several advanced pipeline opportunities, business plans, visioning materials and strategy documents were co-developed with owners and community stakeholders and can be shared with GCF upon request as evidence of participatory design.

B.4. Implementation arrangements (max. 1500 words, approximately 3 pages plus diagrams)

61. MPF1's primary devolved finance mechanism is the provision of equity and quasi-equity instruments to locally owned Pacific SMEs and community-owned cooperatives, including community-rooted and community-serving enterprises delivering explicit adaptation benefits. This structure channels climate finance to the closest practicable local operational level within Pacific SIDS market conditions by enabling local businesses and cooperatives, rather than external intermediaries, to lead context-specific investment and implementation decisions linked to climate resilience outcomes. The Fund's locally embedded origination model, built through more than six years of direct relationship-based pipeline development, enables local entrepreneurs, cooperative leaders, and community-linked business actors to shape investment design, business priorities, and implementation sequencing from the outset. MPF1 will be governed through a structured framework that includes contractual, legal, institutional, and financial arrangements among the GCF, other Limited Partners (LPs), Co-financiers, the AE, EEs, core service providers, and portfolio Pacific/local SMEs and community-owned cooperatives. The structure ensures adherence to applicable fiduciary standards of relevant jurisdictions and private equity governance best practices and supports transparent decision-making, accountability and monitoring for climate-resilient, gender-equitable investments.

Accredited Entity (AE) and co-Executing Entity (co-EE):

62. Enyorra Private Equity Pte. Ltd. (the Manager), incorporated in Singapore, is the AE and legal counterparty to GCF. The Manager holds a Capital Markets Services License from the Monetary Authority of Singapore and is responsible for fund governance, fiduciary oversight, and regulatory compliance, while delegating day-to-day portfolio management to EEs but retaining ultimate oversight of GCF proceeds in line with PSAA requirements.

63. Based on Enyorra's own records as at 31 December 2025, its total assets under management are SGD 57.9 million (approximately USD 45 million), comprising SGD 20.5 million of discretionary AUM and SGD 37.4 million of advisory mandates. Enyorra has been the fund manager for Beacon Fund, a blended finance

private credit fund focused on women-founded enterprises in Vietnam, since January 2025. Enyorra has no prior experience managing a GCF-accredited or PSAA-structured investment vehicle.

Executing Entities (EEs):

64. Matanataki Pte Ltd (the Portfolio Advisor), a Fiji-incorporated company acts as Portfolio Advisor under a Portfolio Advisory Agreement with the Manager and leads deal origination, evaluation, portfolio management, impact and ESG oversight in line with the GCF's standards and the MPF1's mandate.
65. Matanataki Pacific Fund 1 LP (the Fund or MPF1), a Singapore Limited Partnership, is the main fund vehicle that accepts commitments from investors and serves as the Executing Entity (EE) for investment, divestment, and fund-level authorisations and is contractually bound to GCF fiduciary and reporting standards. GCF will participate directly in MPF1 and no GCF feeder vehicle will be established.
66. MPF1 Master Fund Pte. Ltd. (Master Fund), a Singapore private company limited by shares, is established as a wholly owned subsidiary of the Fund that invests directly or indirectly into portfolio investments and operates the Technical Assistance Facility (TAF) through a separate bank account, while benefiting from Singapore's tax treaty network and Section 13OA and 13O fund tax incentive schemes through the Master-Feeder structure.
67. Matanataki General Partners Pte. Ltd. (the General Partner), a Singapore private company limited by shares, is the General Partner of MPF1, with overall responsibility for the Fund and the Master Fund. The Master Fund helps access Singapore's DTT network, including direct DTTs with Fiji and possible third-country holding structures where needed.

Fund Structuring:

68. The master-feeder structure enables cross-border compliance, tax efficiency (including for Fiji and other PICs), and robust governance. The Master Fund hosts the complementary, third-party funded MPF1 TAF, maintaining strictly segregated bank accounts for Fund investments and TAF transactions.This two-tier structure allows the Fund to retain a tax-transparent, LP-governed vehicle for investors, while the Master Fund, as a Singapore company, can access Singapore's double tax treaty network and host the dedicated third-party TAF account as the direct investing entity into portfolio Pacific/local SMEs and community-owned cooperatives.
69. LPs benefit from limited liability from this structuring provided they do not participate in management, and that LPAC rights are structured accordingly.
70. For the avoidance of doubt, neither the Fund nor MPF1 Master Fund Pte. Ltd. has made, nor will it make, investments in any countries other than those for which No-Objection Letters have been obtained under this Funding Proposal.

General Partner Ownership & Commitment:

71. The General Partner (Matanataki General Partners Pte. Ltd.), owned by the Fund's GPs, and selected carried interest participants, will commit at least 1% of fund capital; ownership and legal establishment are complete, and the GP remains distinct from Matanataki Pte Ltd despite common Universal Beneficial Owners (UBOs), reinforcing alignment.

Key Persons

72. The Key Persons of MPF1 are Jodi Smith and Malakai Naiyaga. These individuals are the identified key executives for governance, continuity and key-person risk purposes. Jodi Smith and Malakai Naiyaga are also the ultimate beneficial owners of the General Partner and the Portfolio Advisor within the MPF1 structure. In addition, Jodi Smith and Malakai Naiyaga are the persons contributing the majority of the GP commitment, which is contributed through the Special Limited Partner within the fund structure. This reflects alignment of interest between the sponsor principals and the Fund, consistent with the proposed fund terms and the legal structure materials. MPF1's local ownership and implementation model is embedded both at fund level and investee level. At fund level, the GP and portfolio advisory functions are led by Fiji citizens with deep operating, investment, and cooperative development experience in Pacific markets. At investee level, portfolio companies and cooperatives are not treated merely as recipients of capital, but as the primary implementers of climate-relevant business solutions in waste management,

regenerative agriculture, fisheries, tourism, and linked coastal and marine stewardship activities. This model moves beyond consultation alone by placing local enterprises and community-rooted institutions in operational roles across origination, implementation, and adaptive business execution.

73. For the avoidance of doubt, the Key Persons are not Executing Entities for the purposes of this Funding Proposal or the Funded Activity Agreement. Under the GCF framework, the Executing Entity role is performed by a legal entity with power to contract and receive/reflow funds. The Key Persons are natural persons acting through the relevant institutional entities and governance arrangements within the MPF1 structure and do not act in their personal capacity as counterparties to the Funded Activity Agreement.

Fund Management & Delegation:

74. Enyorra Private Equity Pte. Ltd acts as the Manager for MPF1 in a regulated framework and formally delegates origination and portfolio management to Matanataki Pte Ltd, the Portfolio Advisor, via a Portfolio Advisory Agreement which embeds ESG, impact, fiduciary, and compliance standards with Singaporean and international regulations.

Portfolio Advisor:

75. Matanataki Pte Ltd, the Portfolio Advisor, applies bespoke ESG and impact screening and reporting standards, manages origination and selection, and delivers active support to portfolio Pacific/local SMEs and community-owned cooperatives.

Investment Decision-Making:

76. Investment decisions follow a two-stage process that separates origination from final approval and embeds regulated oversight:

77. Stage 1: Matanataki Advisory Committee (MAC)

- Composed of five voting members, including the General Partners, Director of Regenerative Impact and one Independent Member. The MAC will have the flexibility to appoint non-voting observers.
- Reviews financial, ESG, and impact viability of proposed investments based on MPF1's mandate and GCF criteria.
- Approvals require a majority, including the Founding GP, before escalation to the IC.
- For the avoidance of doubt, the Matanataki Advisory Committee (MAC) is an internal investment advisory body of the GP and Portfolio Advisor that reviews and recommends transactions to the Investment Committee (IC); it is distinct from the Limited Partner Advisory Committee (LPAC), which is composed of LP representatives and focuses on fund-level oversight and advice on governance, risk and impact matters without taking individual investment decisions.

78. Stage 2: Investment Committee (IC)

- Composed of three MAS-licensed representatives: the Founding GP (Chair), the Enyorra Private Equity Pte. Ltd CEO and Independent Member, all regulated under the Securities and Futures Act 2001 and sponsored by Enyorra Private Equity Pte. Ltd.
- Considers proposals recommended by the Matanataki Advisory Committee (MAC), which sits at the Portfolio Advisor level, against regulatory and fiduciary requirements.
- Decisions must be unanimous and may be vetoed when non-compliant with MAS regulations or the Fund's governing documents.
- For the avoidance of doubt, the Investment Committee (IC) referred to in this FP is the same body and is constituted as a committee of Enyorra Private Equity Pte. Ltd, the Manager and AE, the MAS-regulated fund manager for MPF1, acting under its governance framework and the Fund's constitutional documents.

79. The Investment Committee (IC) is composed of three members: Jodi Smith, Melissa Kang, and Genevieve Heng (acting as the Independent Member). While the Independent Member brings over 20 years of vital PE/VC and impact investing experience to the committee, the requisite climate adaptation, resilience, and Monitoring and Evaluation (M&E) expertise is held comprehensively at the IC level by Jodi Smith and

Melissa Kang. As General Partners, Jodi and Melissa lead the fund's climate impact strategy, ESG integration, and M&E frameworks, ensuring that all investment decisions are rigorously evaluated for their climate rationale and alignment with GCF standards.

80. Selected members of the MAC and the IC will attend LPAC meetings as observers or invited participants, to ensure clear information flow between investment decision-making and LP-level oversight while preserving the LPAC's non-decision-making role.

81. The LPAC is an investor oversight/advisory body whose activities fall within LP safe-harbour governance rights and do not amount to participation in management.

82. Portfolio Pacific/local SMEs and community-owned cooperatives are bound through investment agreements to MPF1's impact, ESG, climate adaptation, and gender requirements, ensuring alignment from origination through exit. The multi-entity structure is designed to follow ILPA Principles 3.0 on transparency, fiduciary responsibility, and alignment of interests among LPs, GP, and portfolio Pacific/local SMEs and community-owned cooperatives.

Institutional and Governance Arrangements:

83. Portfolio Advisor: Matanataki Pte Ltd leads origination and portfolio management under delegation from Enyorra Private Equity Pte. Ltd, the Manager; the Portfolio Advisor's beneficial owners are also the General Partners of the Fund.

84. Manager: Enyorra Private Equity Pte. Ltd manages capital markets activities under Singapore's regulatory framework and ensures compliance with fiduciary and regulatory standards. The Manager holds a capital markets services licence (CMSL) for fund management issued by MAS, with its activities regulated under the Securities and Futures Act 2001 of Singapore.

85. Matanataki Advisory Committee (MAC): A five-member body (GPs, Senior Investment Manager, Director of Regenerative Impact, one Independent Member plus one non-voting Observer) that assesses financial viability, risk, and anticipated climate and gender impacts and recommends investments and divestments to the IC on a majority basis (Founding GP included).

86. Investment Committee: Three MAS-licensed representatives (Founding GP, Enyorra Private Equity Pte. Ltd CEO and Independent Member) act on these recommendations, with authority to veto decisions that breach MAS regulations or internal risk limit.

87. Limited Partner Advisory Committee (LPAC): Represents LP interests, oversees fund performance at a strategic level, and advises on governance, risk, and impact matters, without making individual investment decisions, consistent with mainstream private equity practice.

Contractual Arrangements:

88. *Funded Activity Agreement (FAA):* Executed between the Manager AE and GCF following Board approval, it defines terms and conditions for use of GCF proceeds, including disbursement triggers, reporting, and compliance, and is the central contractual instrument for MPF1's GCF-supported activities. GCF funds are received by the Manager as Accredited Entity into a segregated GCF account, transferred to the Fund on drawdown, and reflowed back through that account on distributions.

89. *Limited Partnership Agreement (LPA):* Between LPs and the GP, setting governance, investment parameters, fees, reporting, and keyperson provisions.

90. Fund Management Agreement: Between the Manager and MPF1, defining delegated authority, investment management duties, regulatory compliance obligations, and operational responsibilities for executing the investment strategy.

91. *Portfolio Advisory Agreement:* Between the Manager and the Portfolio Advisor, documenting the delegation of origination and portfolio management and MPL's obligation to identify, execute, and manage investments in line with the Fund's objectives and GCF's requirements. This agreement also defines the roles, fund flows, oversight, and compliance obligations for portfolio advisory implementation, while maintaining the AE's ultimate fiduciary responsibility.

92. *Programme-Specific and Service Provider Agreements:* the Portfolio Advisor will contract third-party providers for fund administration, audit, tax and legal advisory, ESG and impact, and other technical services.

93. *Investment Agreements:* Between the Master Fund and portfolio Pacific/local SMEs and community-owned cooperatives defining instruments (equity, quasi-equity), covenants, monitoring and reporting obligations, and exit arrangements. Each agreement will reflect both GCF policies and internal governance standards.

94. *Technical Assistance Agreements:* Between the Master Fund, the Portfolio Advisor, portfolio Pacific/local SMEs and community-owned cooperatives and specialist technical providers, outlining deliverables, milestones, monitoring arrangements, and procedures for targeted technical support.

95. *Co-Financing Agreements:* Where co-financing is involved, agreements will set out the terms for additional funding, including rights, obligations, and safeguards, subject to negotiation with partner investors. In this context, "Co-financing Agreements" refers exclusively to co-financing that is mobilised at the portfolio company level, such as parallel or syndicated debt co-financing and equity co-investment transactions alongside the Fund in individual investee Pacific/local SMEs and community-owned cooperatives. It does not refer to co-financing at the fund investor (LP) level, nor does it imply any co-investment arrangements between GCF and other LPs in the Fund vehicle itself.

96. There will not be a direct legal agreement between Matanataki Pte. Ltd. (MPL/Portfolio Advisor) and MPF1 LP. However, there is an important connection through Matanataki General Partners Pte. Ltd. (MGPPL), explained as follows: MGPPL acts as the General Partner of Matanataki Pacific Fund 1 LP and has a legal relationship with MPF1 LP through the Limited Partnership Agreement (LPA).
    The LPA is the main constitutional document of the Fund and sets out the legal and contractual framework between:
    The General Partner (MGPPL), who is responsible for managing the Fund, and
    The Limited Partners (LPs), who provide capital but do not take part in day-to-day management of the Fund.
    The relationship between MPL and MPF1 LP operates through the following contractual structure:
    1. MPF1 LP (the Fund) → MGPPL (General Partner) via the Limited Partnership Agreement;
    2. MGPPL (General Partner) → appoints → Manager (Enyorra Private Equity Pte. Ltd.) via a Management Agreement.
    MGPPL has overall responsibility for managing the Fund but delegates day-to-day management to the Manager because fund management in Singapore is a regulated activity requiring a license from MAS
    3. Manager (Enyorra Private Equity Pte. Ltd.) → appoints → Portfolio Advisor (Matanataki Pte. Ltd.) via a Portfolio Advisory Agreement.
    The Ultimate Beneficial Owners (UBOs) of Matanataki General Partners Pte. Ltd. are the same as those of Matanataki Pte. Ltd. Both entities are controlled by the same individuals, Jodi Smith and Malakai Naiyaga (also the Key Persons), ensuring alignment of interests and unified strategic direction across the fund structure.

Financial Flows and Implementation Arrangements

97. Capital Structure: MPF1 targets USD 60 million comprising Senior Equity (Class A and Class B Shares) and Junior First-Loss Equity (Class C and Class D Shares). Under the Term Sheet, aggregate Class C commitments cannot exceed aggregate Class A commitments on a 1:1 basis, and this cap is repeated as a covenant. On the current fundraising plan, targeted Class A commitments are USD 11.4 million, so aggregate Class C is capped at USD 11.4 million. The USD 28.5 million figure previously shown here is the maximum aggregate design capacity of the concessional tranches across the full range of fundraising outcomes, not the amount that can be committed to Class C under the current plan; any junior-class appetite beyond the Class C cap reallocates to Class B on senior terms.

98. GCF's Class C participation cannot exceed the lesser of 50% of aggregate Class A commitments and 50% of aggregate Class C commitments, which amounts to USD 5.7 million on the current plan. GCF's Class B participation is then up to USD 9.3 million, so that the full USD 15 million commitment is deployed. Class C first loss applies exclusively to Class A interests and does not apply to Class B or Class D. Class D is intended to provide first-loss protection to Class B investors, although no investor is envisaged to subscribe for Class D at this juncture; the allocation between Class B and Class D may change if investors express Class D interest.

99. While the primary junior equity layer (Class C) is specifically designed to provide first-loss downside protection to crowd in private capital (Class A), any portion of this commitment not required for private-sector first-loss protection automatically reallocates to Class B on senior terms to optimize capital efficiency and satisfy minimum concessionality principles. The blended structure is designed to leverage concessional capital to attract private and commercial capital, de-risk climate and gender investments, and enhance financing accessibility for underfunded climate-focused SMEs, and the capital structure allows for the expansion of concessional layers.

Funds Flows:

100. Equity Investors provide capital (junior and senior) equity and receive distributions according to a pre-agreed waterfall.

101. The General Partner commits capital and receives carried interest in line with standard private equity terms.

102. The Portfolio Advisor receives a 2.5% management fee and is reimbursed for payment of relevant service provider costs.

103. The Manager receives ˜11% of the 2.5% management fee (subject to a minimum fee of USD 50,000 per annum) and is reimbursed for payment of relevant service providers.

104. Portfolio Pacific/local SMEs and community-owned cooperatives receive investments from MPF1 and return capital and income to the Fund through dividends, coupons, balloon repayments and capital gains.

105. Third-Party Service Providers deliver financial, legal, ESG and impact services and are paid under agreed mandates.

106. Structured mechanisms and the waterfall distribution model govern disbursements and reflows to ensure accountability, transparent allocation of returns, and compliance with both LP expectations and GCF fiduciary standards.

<u>Experience and Track Record:</u>

107. The delivery of MPF1 is driven by a robust partnership between the Accredited Entity (AE) and the local Executing Entity (EE), combining institutional fund management with deep regional expertise.

108. **Enyorra Private Equity Pte. Ltd (the Manager and Accredited Entity):** Enyorra is an established, women-led private equity fund management company in Singapore, focused on sustainability and impact investing in the Asia-Pacific region. Holding a Capital Markets Services (CMS) license regulated by the Monetary Authority of Singapore (MAS), Enyorra provides the institutional-grade fund vehicle, regulatory governance, and investment committee oversight, and will act as the GCF counterparty with ultimate responsibility for compliance, reporting, and oversight functions in line with PSAA requirements. Recognized as a gender-smart fund manager by a major MDB under the 2X Challenge, Enyorra is a qualified 2X investor with a dedicated focus on climate finance, ensuring strong alignment with the Fund's gender and climate goals.

109. **Team and Track Record:** Although launching its first Pacific-focused fund in partnership with Matanataki, Enyorra's core team brings deep complementary governance and investment depth. Founder and CEO **Melissa Su Yi Kang** has over 25 years of private markets experience and has managed approximately USD 1 billion of private equity and venture funds at a major MDB, led a global impact fund (Integro) at Morgan Stanley, and previously held senior roles at ING, Pomona Capital, DBS, and 3i, deploying over USD 200 million in impact transactions and overseeing multi-country portfolios in emerging markets. Partner **Andreas Sylverius** contributes more than 15 years of impact investment, portfolio, and climate finance experience in emerging markets. Executive Director **Choo Boon Tiong**, a senior accredited director, adds four decades of financial services leadership and SME finance expertise across Southeast Asia, including founding and listing IFS Capital. The team is further complemented by **Genevieve Heng**, who acts as the Independent member of the Investment Committee and brings over 20 years of PE/VC and impact experience (including co-founding a USD 35 million SME impact fund). Enyorra is also supported by a Sustainability Council of subject-matter experts, ensuring its authorized fund manager role is backed by seasoned investment, governance, climate, gender, ESG, and SME finance capabilities.

110. **Matanataki Pte Ltd (the Portfolio Advisor and Executing Entity):** Matanataki Pte Ltd serves as the Portfolio Advisor and local Executing Entity (EE), bringing deep localised expertise, stakeholder trust, and proven co-investment experience. Active in the Pacific since 2016 as a Fiji-based impact investor, Matanataki's hands-on model addresses unique Pacific challenges and opportunities through proximity, lived context, and cultural fluency. The firm's team has a strong track record across the full private equity lifecycle—including extensive experience in fundraising with institutional and high-net-worth investors—and has received grant support from global blended finance platforms (including Convergence's Gender-Responsive Climate Finance window, the International Climate Finance Accelerator, and the 2X Global Resilient Futures Fund) to develop and launch MPF1. Its potential strategic partnerships with regional funds like the GFCR and Outrigger ensure complementary investment pathways and robust execution capacity. Matanataki brings deep expertise in business model design, financial modelling, legal and financial structuring, due diligence, and transaction execution in Pacific markets, including historical transactions in insurance, hospitals, property, and multi-sector equity deals. The firm has deployed grants, equity and concessional loans alongside hands-on strategic and operational support. The trade sales, M&A and IPO-related exits with market-benchmark IRRs referred to in this proposal were completed by the relevant investment professionals during previous investment management and operating roles, and form part of their individual professional track records rather than the institutional realised track record of Matanataki Pte Ltd or of Enyorra Private Equity Pte Ltd. Neither entity has completed a realised exit at firm level through a trade sale, M&A transaction or IPO, and MPF1 is Matanataki's first GP-led fund. Individual track records are provided in the accompanying track record schedule. These activities are underpinned by robust governance structures (including the Matanataki Advisory Committee, Investment Committee, LP advisory functions, and ESG advisors), periodic reporting, and external evaluation, while independent ESG specialists provide monitoring and evaluation under the Manager's oversight.

111. **Founders and Key Persons:** Although MPF1 is Matanataki's first GP-led fund, the General Partners and Key Persons bring a deep, demonstrable track record of structuring and managing complex transactions in Pacific markets. Founder and CEO **Jodi Smith** has over 15 years of hands-on experience in regenerative agriculture, waste, and fisheries—including GlobalG.A.P. award-winning farm management, commercial permaculture design, and SME leadership roles—as well as originating and executing reef-positive SME investments under the GCF-supported Global Fund for Coral Reefs and other programmes in Fiji. Senior GP **Malakai Naiyaga** is a vastly experienced Pacific financial-services executive and institutional investor, formerly Managing Director and CEO of BSP Life (Colonial Fiji), where he oversaw the growth of assets under management from approximately FJD 370 million to nearly FJD 800 million and stewarded a diversified portfolio in fixed income, property, listed equity, and private equity, including quasi-equity deals and joint ventures with a major MDB such as the Sofitel Nadi development. Together, the Matanataki team has originated and developed a pipeline of waste, agriculture, fisheries, and tourism transactions, and delivered successful exits and scale-ups for Pacific SMEs and cooperatives, providing institutional-grade origination, structuring, and active co-ownership capacity for MPF1.

112. Service providers are selected on a competitive basis for sector expertise and regional experience, with proven track records in fund services and climate adaptation investment. A Fund Administrator will provide integrated fund and corporate administration services, including accounting, reporting, investor communications, regulatory compliance, and cashflow coordination. An ESG firm will support ESG compliance, impact measurement, and sustainability reporting, while independent auditors will conduct annual audits and reputable legal and tax advisors in relevant jurisdictions will support structuring and compliance.

113. The AE and EE possess the comprehensive capacity to deliver the programme through a complementary blend of expertise at the leadership level. While the IC's independent member provides robust private equity, venture capital, and institutional impact investing oversight, the dedicated climate adaptation, resilience, and Monitoring & Evaluation (M&E) capabilities are driven by the General Partners. This collective capacity ensures the team is fully equipped to execute both the commercial scaling of Pacific SMEs and the fund's rigorous climate impact and ESG strategies.

114. Diagrams of MPF1's legal structure and contractual agreements (Figure 7 and Figure 8) compliment this narrative and illustrate how governance and financial mechanisms operate in practice.

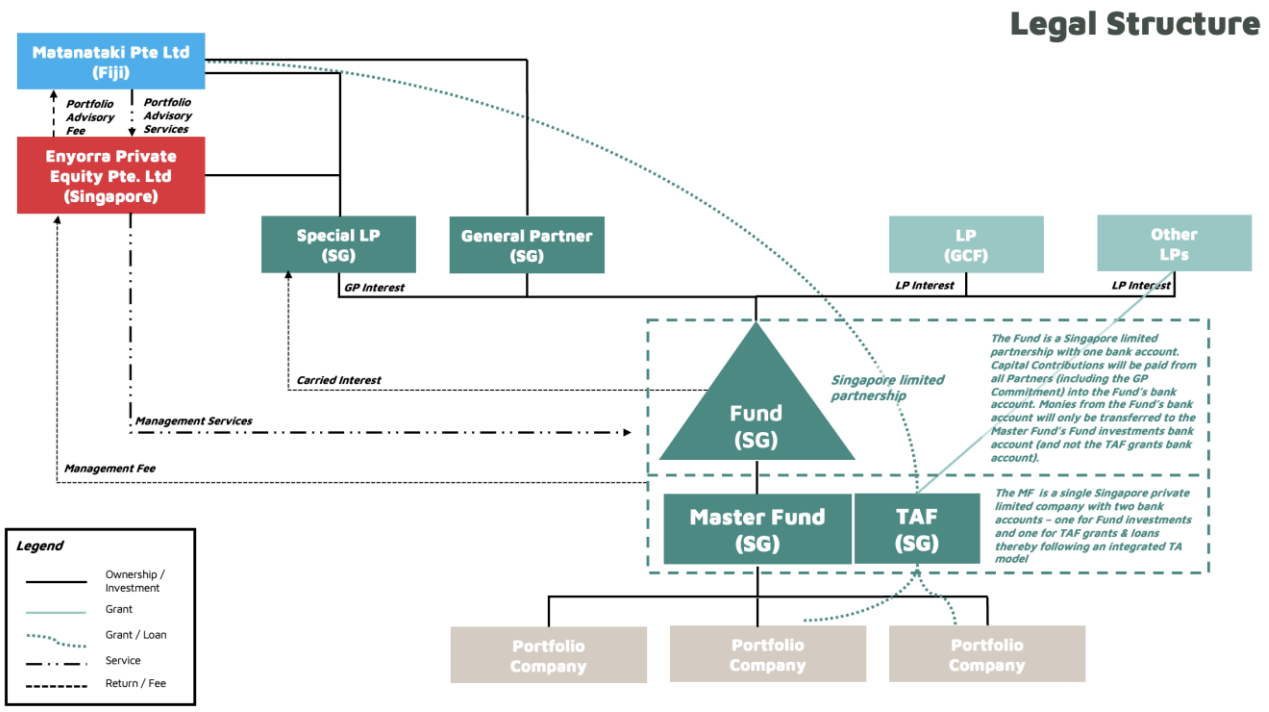


Figure 6: MPF1 legal structure

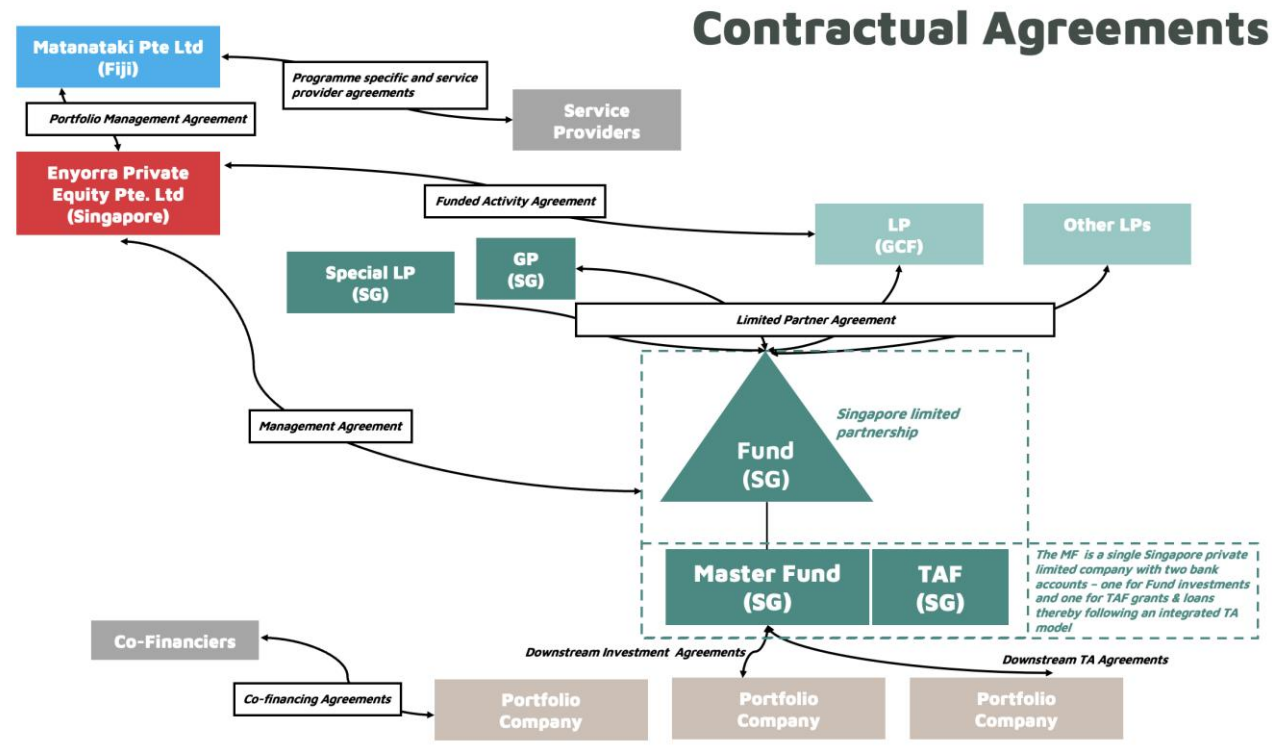


Figure 7: MPF1 Contractual arrangements

B.5. Justification for GCF funding request (max. 1000 words, approximately 2 pages)

Context

115. The Pacific region faces profound structural barriers to the mobilisation of private capital for SME investment. These include underdeveloped domestic capital markets and a high degree of risk aversion among commercial banks, often manifesting as an "unwillingness to lend" despite excess systemic liquidity in the banking system (ADB, 2016)[5]. These barriers are compounded by elevated transaction costs driven by extreme geographic dispersion and small market sizes. Commercial banks typically operate under asset-based lending models that require high levels of physical collateral—often land-based—and offer short repayment tenors. Consequently, enterprises with innovative nature-positive business models are systematically excluded from formal credit (PSDI, 2022)[6].

116. Furthermore, without MPF1, the baseline scenario of compounding climate vulnerability would persist. Local drivers of reef degradation—such as unmanaged waste and nutrient runoff—would continue unabated. Without MPF1's targeted interventions, marine heatwaves and Category 5 cyclones will decimate local protein sources (fisheries) and drinking water (due to aquifers flooded with toxic leachate), because commercial models designed to address these compounding stressors currently lack the start-up capital to prove viability.

117. **The public and private finance gap**: Despite the region's extreme vulnerability, existing climate finance flows are heavily skewed towards public-sector funding for large-scale infrastructure or small-scale grant-based aid financing. However, there is an equally critical shortage of risk-tolerant public capital. While Development Finance Institutions (DFIs) are present in the region, they are structurally limited by tight fiduciary duties, capital reflow requirements, and strict creditworthiness assessments. (UNCDF, 2025)[7]. They are further constrained by the lack of historical private equity performance data and unrated market conditions. Adaptation finance represents only a small fraction of global climate flows, with a widening gap between real-world needs and tracked finance (GCA and CPI, 2024)[8]. UNCDF (2025)[9] identifies so-called "white spaces" as a primary constraint for scaling climate-resilient innovations, noting that these enterprises are structurally underserved because they are typically too large for micro-grants but considered too small, complex, or risky for conventional institutional investors. High perceived risk from both public and private investors is reinforced by correlated downside shocks; for example, the 2022 volcanic eruption in Tonga caused damages equivalent to 36% of national GDP[10], a scale of loss that can simultaneously wipe out an SME's revenue and the value of its collateral.

118. **Shortage of equity finance**: There is a critical shortage of patient equity and venture capital in the Pacific. Mainstream private equity is deterred by the limited exit pathways available in shallow domestic markets, where Initial Public Offerings (IPOs) are rare and strategic trade sales are difficult to execute. This absence of equity is a primary driver of financial fragility for adaptation SMEs, as it forces them to rely on high-interest, short-term debt that is incompatible with the maturation periods required for regenerative agricultural transitions or circular waste infrastructure. Without patient risk capital, local entrepreneurs cannot bridge the gap between early-stage innovation and commercial bankability.

Matanataki Pacific Fund 1 LP (the Fund or MPF1)

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[5] ADB. (2016). "Credit Guarantees: Challenges in the Pacific Region". Available at: https://www.adb.org/sites/default/files/publication/203871/credit-guarantees.pdf

[6] PSDI. (2022). "Pacific Private Sector Development Initiative Annual Report FY2022". Available at: https://www.adb.org/sites/default/files/institutional-document/884916/pacific-psdi-annual-report-fy2022.pdf

[7] UNCDF. (2025). "The case of missing middles: Gaps in the development finance landscape, and UNCDF's positioning in it" Available at: https://www.uncdf.org/Download/AdminFileWithFilename?id=21390&cultureId=127&filename=8-13-2025isf-position-paperpdf

[8] GCA and CPI. (2024). *State and Trends in Adaptation Report 2024*. Available at: https://gca.org/wp-content/uploads/2024/04/State-and-Trends-in-Climate-Adaptation-Finance-2024.pdf

[9] UNCDF. (2025). "The case of missing middles: Gaps in the development finance landscape and UNCDF's positioning in it". Available at: https://www.uncdf.org/article/8965/the-case-of-missing-middles-gaps-in-the-development-finance-landscape-and-uncdfs-positioning-in-it

[10] World Bank. (2022). "Additional $20 million for Disaster Recovery and Economic Reform in Tonga". Available at: https://www.worldbank.org/en/news/press-release/2022/06/15/additional-20-million-for-disaster-recovery-and-economic-reform-in-tonga

119. **Requested GCF funding (equity):** To address these market failures, MPF1 requests a total GCF contribution of USD 15 million, structured as equity. This will serve as a foundational "junior" or first-loss layer within a blended capital stack.

120. **Justification of level of concessionality and catalytic role**: In the financial market of the Pacific, lacking private equity data, GCF's concessionality is the fundamental catalyst required to assemble the capital stack. The core argument for GCF's involvement in MPF1 is that *risk-taking public money is required to unlock capital-preserving public money*. While GCF's junior equity layer (Class C) is specifically designed to provide first-loss downside protection to crowd in private capital (Class A), securing this risk-tolerant base is a strict precondition for senior MDBs to participate. For instance, another MDB operates as a capital-preserving investor in Class B and has clear matching and structural conditions that must be met for the full amount of its funds to be committed. By anchoring the fund's risk-mitigation layer, GCF validates the fund's viability, thereby acting as the indispensable anchor investor that makes the unrated Pacific market investable for other public institutions. Furthermore, any portion of GCF's Class C commitment not required for private-sector first-loss protection automatically reallocates to Class B on senior terms, directly matching and reinforcing the senior MDB pool.

121. This robust institutional anchoring allows the Fund to offer flexible, self-liquidating financial instruments—such as redeemable preference shares and demand-linked dividends—that align with the volatile cash flows of SMEs working in adaptation. Critically, this structure enables the Fund to prioritise long-term local and indigenous ownership rather than forcing extractive exit models that are culturally and economically inappropriate for the region.

122. **Financial additionality of GCF**: GCF's foundational investment is expected to help the Fund reach its USD 60 million target. The Fund currently has a robust pipeline of soft commitments, meaning indicative, non-binding allocations that have passed internal screening and entered advanced due diligence but are still subject to final investment approvals. These include USD 15 million from an MDB, USD 15 million from a Private Fund-of-Fund (N.B. USD 10.9 million has been used for modelling purposes, though the range under consideration is USD 5–15 million), and up to USD 5 million from another MDB (Class B), as well as up to USD 5 million first-loss interest from a DFI. Discussions with a Bilateral DFI remain at an earlier, exploratory stage for a USD 5 million first-loss investment. For the other prospective LPs, investment officers are preparing the Fund for presentation to their Investment Committees and Boards, with several already in late-stage processes, and on the current timetable, the DFI decision fall in September 2026 and MDBs in October or November 2026, with the private fund-of-fund and Bilateral DFI in 2027; conversion from soft to hard commitments is expected to continue to final close, within twelve months of first close. As at the date of this proposal no LP commitment is legally binding, and all remain subject to investment committee or board approval. GCF's presence is catalytic and additional because, as one of the largest prospective institutional LPs in the target capital stack and subject to final closes of other pipeline LPs, its approval is the key condition for the MDB's commitment to be unlocked and mobilised to the maximum extent; if GCF's commitment were conditional or shrinkable, it would weaken the credibility of the capital stack and could directly undermine this MDB matching. Any portion of Class C commitments not required for this first-loss function will automatically be reallocated to Class B on senior terms to preserve capital efficiency and maintain the intended matching logic between junior protection and the relevant senior pool.

123. **Private sector mobilisation strategy:** Private capital (Class A) which has expressed an intention to enter due diligence currently sits at USD 15.5 million and the LP stack represented in this FP proposed a more conservative USD 11.4 million final Class A commitment.

124. **Justification of size of funding**: The requested amount of GCF contribution (USD 15 million) is the minimum required to achieve a viable first close and establish institutional credibility among co-investors. A lower equity contribution would fail to provide a sufficient risk buffer to unlock targeted senior institutional and private capital tranches, which operate under strict capital-preservation mandates. Furthermore, this foundational commitment from the GCF is vital to anchor the blended capital structure, providing the climate programmatic validation required by fellow development finance institutions and sovereign backers who require a substantial public anchor partner before formalising their own matching risk allocations. The Fund's target of ˜18 SMEs represents the optimal scale to ensure portfolio diversification while maintaining the high-touch active management necessary for success in the Pacific.

125. Furthermore, the participation of GCF will help transform the investment landscape from one of systemic exclusion to active market creation. The GCF investment is expected to bring about the following benefits:

- **Market activation**: GCF's presence bridges the "missing middle" financing gap, providing the institutional validation necessary to de-risk these under-invested sectors. It establishes a localised track record that can transition risk-averse commercial banks towards cashflow-based lending and systematically clear a path for private equity to safely enter these adaptation niches over time.
- **Regenerative scaling**: Access to patient risk capital allows adaptation SMEs to move beyond survival and into viable and sustainable operations. This accelerates the deployment of climate positive technologies like circular waste solutions and regenerative agricultural techniques, measurably reducing local stressors on reefs and turning environmental restoration into a viable commercial driver.
- **Indigenous economic sovereignty**: The flexible nature of GCF equity facilitates the use of culturally attuned self-liquidating instruments. This ensures that rather than assets being sold to foreign buyers, intergenerational wealth and long-term ownership are retained within local and indigenous communities.

Beneficiaries: The Fund is designed to deliver direct adaptation benefits to a diverse range of stakeholders, including SME employees and supply chains transitioning to regenerative practices, and users of resilient waste and water services. Coastal populations across the target countries will also benefit indirectly through the protection and restoration of coral reef ecosystems, which provide essential natural coastal protection and safeguard food security. By adhering to 2X Challenge principles, the Fund ensures that women are central beneficiaries, with the portfolio dedicated to supporting and scaling women-led or gender-equitable enterprises.

B.6. Exit strategy (max. 500 words, approximately 1 page)

126. MPF1's exit strategy is built around self-liquidating instruments as the default for every investment, ensuring that ownership and wealth remain with Pacific/local founders and communities while still creating credible exit routes for institutional investors. In all cases, MPF1 structures deals so that exits are generated primarily through investee cashflows - using instruments such as redeemable preference shares with balloon repayments, demand dividends and owner buy-backs - rather than relying on one-off trade sales or external buyers in thin markets.

127. MPF1 will primarily employ self-liquidating instruments, for example redeemable preference shares with balloon repayments and demand dividends. On the Fund Model, 14 of 18 portfolio positions use a self-liquidating instrument and four use trade sale, which is 77.8% by deal count; the "approximately 80%" figure used in this proposal is expressed by deal count and is not capital-weighted. By capital, the self-liquidating share is 66.8% (USD 40.08 million) in the base case, 63.8% (USD 32.67 million) in the downside case and 67.6% (USD 40.56 million) in the upside case, with the trade-sale share correspondingly 32.4%, 36.2% and 32.4%. The capital-weighted figures should be read as the base-case position rather than as a floor: the self-liquidating share is at its lowest, by capital, in precisely the scenario in which Fund performance is under most pressure. These mechanisms ensure that investee Pacific/local SMEs and community-owned cooperatives gradually repay the fund through cash flows, enabling ownership to remain with local management or communities. For the remaining 20%, where appropriate, these self-liquidating structures are complemented by optional local trade-sale and listing pathways—for example, sales to regional institutional investors (such as domestic pension funds, local life insurers, and regional trust funds) or selective IPOs on the South Pacific Stock Exchange —but the starting point for every MPF1 deal is a self-liquidating instrument that can succeed even if large-ticket exits are delayed or unavailable. Exit agreements include shareholder terms granting first right of refusal to local communities, ensuring long-term local ownership and alignment with cultural and social values. Investments in indigenous cooperatives will transition to fully community-owned operations post-exit, supported by tailored governance structures and capacity-building efforts.

128. MPF1 adopts an active co-ownership approach, embedding robust governance frameworks, operational and risk management procedures in portfolio Pacific/local SMEs and community-owned cooperatives. This ensures businesses sustain operations independently after exit. MPF1's investments target sectors critical to Pacific Island climate adaptation with the interconnected deal flow approach strengthening supply chains and creating self-reinforcing business ecosystems that collectively amplify climate resilience impacts. By prioritising women-led or gender-equitable enterprises (aligned with 2X Challenge criteria), MPF1 ensures that social equity remains a core outcome beyond the investment period. Gender-sensitive policies embedded in portfolio Pacific/local SMEs and community-owned cooperatives will continue to foster inclusive economic growth.

129. The Fund's active co-management approach mandates the transition of leadership to local, gender-balanced management teams, ensuring that the operational capabilities and ESG systems built during the investment period remain firmly embedded in the local ecosystem.

130. The fund aims to deliver, in the base scenario, a net internal rate of return (IRR) of 9.1% to 9.6% and a MOIC of 1.58x to 1.69x across share classes, demonstrating financial viability alongside impact objectives. At the fund level this is a fund gross IRR of 14.3%, net IRR of 10.9% and MOIC of 1.80x. Performance is expected to attract subsequent rounds of investment into additional funds, perpetuating the paradigm shift toward sustainable financing in SIDS. MPF1's success will serve as a replicable model for blended finance impact funds not just regionally but globally. Lessons learned from its financing mechanisms (e.g., demand dividends) and interconnected deal flow approach will be disseminated through partnerships with development finance institutions (MDBs), other asset managers and regional stakeholders.

C. FINANCING INFORMATION

C.1. Total financing

(a) Requested GCF funding (i + ii + iii + iv + v + vi + vii)	Total amount	Currency
	15.0	million USD ($)

GCF financial instrument	Amount	Tenor	Grace period	Pricing
(i) Senior loans	Enter amount	Enter years	Enter years	Enter %
(ii) Subordinated loans	Enter amount	Enter years	Enter years	Enter %
(iii) Equity	15	10		6 %
(iv) Guarantees	Enter amount	Enter years		
(v) Reimbursable grants	Enter amount			
(vi) Grants	Enter amount			
(vii) Results-based payments	Enter amount			

(b) Co-financing information	Total amount	Currency
	48	million USD ($)

Name of institution	Financial instrument	Amount	Currency	Tenor & grace	Pricing	Seniority
MDB 1	Equity	15.0	million USD ($)	10 years Enter 0 years	6%	senior (Class B)
MDB 2	Equity	5.0	million USD ($)	10 years Enter 0 years	6%	senior (Class B)
DFI 1	Equity	5.0	million USD ($)	10 years Enter 0 years	6%	junior (Class B/C)
DFI 2	Equity	5.0	million USD ($)	10 years Enter 0 years	6%	junior (Class B/C)
GP Commitment	Equity	0.6	million USD ($)	10 years 0 years	6%	junior (Class B/C)
Private Impact Investor	Equity	0.5	million USD ($)	10 years 0 years	6%	senior (Class A)
Private Investors (FoF)	Equity	13.9	million USD ($)	10 years 0 years	6%	senior (Class A)
Bilateral Government Grant Donor	Grant	2.85	million USD ($)	10 years 0 years	0%	N/A
Donor or GP (TBC)	Grant	0.15	million USD ($)	10 years 0 years	0%	N/A

(c) Total financing (c) = (a)+(b)	Amount	Currency
	63.0	million USD ($)

(d) Other financing arrangements and contributions (max. 250 words, approximately 0.5 page)	131. Among the expected financing parties for MPF1 are: GCF (25.0%); Multilateral Development Banks (MDBs), government-backed funds and Fund-of-Funds (FoF) (55%), Private investors / GP Commitment (20%). 132. No guarantees are being sought as guarantees are typically not provided against equity financing. For larger portfolio investments where senior debt co-financing is provided, guarantees will be secured from third parties against this debt. 133. The total fund size of MPF1 is expected to reach USD 60 million. Co-financing includes: • Class A –Private Impact Investor): USD 0.5m; FoF (private investors): USD 10.9m • Class B – MDB 1: USD 15m; MDB 2: USD 5m • Class C – GCF: USD 15m; DFI 1: USD 5m; DFI 2: USD 5m • GP commitment of USD 0.6m 134. The MPF1 TAF is targeted at USD 1 million to USD 3 million, comprising an anticipated USD 2.85 million from a bilateral government grant donor and USD 0.15 million from another donor or the GP. No TAF funding is secured as at the date of this proposal. Discussions are underway; exploring single-source procurement and indicating a timeframe of the end of 2026, while stating clearly that it is making no commitment at this stage. Independently of that process, the GP and the Portfolio Advisor commit to commercially reasonable endeavours to raise, establish and make available a Technical Assistance Facility of not less than USD 1,000,000 to support climate, environmental and social, gender and other implementation support associated with the Fund. The facility is therefore presented with a floor of USD 1 million and a target of USD 3 million. 135. Annex 13 is unchecked for this reason: a co-financing commitment letter cannot be provided while no co-financing commitment exists. Letters will follow as commitments are secured, and the position is expected to be resolved before final close. The Fund's commitment is to the technical assistance scope rather than to a particular sum; a smaller facility would deliver a reduced version of the same work, prioritised using the Capability Gap Identification assessment held for each pipeline company. 136. The total project size is USD 63 million. 137. While specific details of participation are ongoing, engagement with MDBs and Private Investors is underway. Collective financial contributions are structured to align with GCF's co-financing policies, emphasising the catalytic role of concessional finance in mobilising additional capital and resources for climate-adaptive projects in an unrated market. 138. In the highly vulnerable markets of Pacific SIDS, GCF's capital acts as the critical structural anchor (alongside other Class C investors) required to mobilize and unlock risk-averse, capital-preserving public money (Class B Senior MDBs) to flow into local adaptation markets for the first time.

C.2. Financing by component

Component	Output	Indicative cost million USD ($)	GCF financing		Co-financing		
			Amount million USD ($)	Financial Instrument	Amount million USD ($)	Financial Instrument	Name of Institutions
Component 1: Matanataki Pacific Fund 1	Output 1.1 Climate- and reef-positive SMEs	49.06	11.66	Equity	37.40	Equity	Institutional and private investors seeking impact

LP (the Fund or MPF1)	capitalized and strengthened						and financial returns
Component 1: Matanataki Pacific Fund 1 LP (the Fund or MPF1)	Output 1.2 Interconnected SME clusters operationalized	1.85	0.46	Equity	1.39	Equity	Institutional and private investors seeking impact and financial returns
Component 1: Matanataki Pacific Fund 1 LP (the Fund or MPF1)	Output 1.3 Active portfolio co-management, value creation, and impact monitoring executed	6.87	1.72	Equity	5.15	Equity	Institutional and private investors seeking impact and financial returns
Component 1: Matanataki Pacific Fund 1 LP (the Fund or MPF1)	Output 1.4 Inclusive benefits delivered to vulnerable and marginalized groups	0.16	0.04	Equity	0.12	Equity	Institutional and private investors seeking impact and financial returns
Component 1: Matanataki Pacific Fund 1 LP (the Fund or MPF1) and MPF1 TAF	Output 1.5 Investment-ready, regenerative SMEs and fund-level E&S, gender, impact and reef-health systems institutionalised	5.06	1.12	Equity	3.94	Grant	Donors (public and private)
Indicative total cost (USD)		63million	15 million		**USD 48.0 million** in co-financing (comprising USD 45.0 million in equity capital and USD 3.0 million in complementary grant co-financing under Output 1.5).		

Note: GCF's USD 1.125 million allocation under Output 1.5 represents GCF's direct seed capital investment (SAFEs) under Activity 1.5.5. GCF's remaining USD 1.875 million allocation under Output 1.5 represents Enyorra's standard 2.5% management fee over five years, which is already budgeted and accounted for within GCF's Output 1.1 line items (per Annex 4, Note A15) to prevent double-counting GCF equity.

139. It is anticipated that 70% of the funding will be invested in Fiji and the remaining 30% in other PICs.

140. Table C1 above presents the USD 60 million initially deployed with USD 60 million targeted for SMEs under Component 1. MPF1 will recycle early realised returns from the portfolio (for example, dividends and balloon repayments) and reinvest these into new pipeline SMEs, allowing MPF1 to deploy the full USD 60 million into Pacific climate adaptation without increasing the initial capital request. Further details can be found in Annex 3 (Financial analyses) and Annex 4 (Detailed budget plan).

C.3 Capacity building and technology development/transfer (max. 250 words, approximately 0.5 page)

C.3.1 Does GCF funding finance capacity building activities?	Yes ☒ No ☐
C.3.2. Does GCF funding finance technology development/transfer?	Yes ☒ No ☐

141. MPF1 integrates technology development/transfer into its investment strategy. Through active co-ownership, MPF1 equips portfolio company owners and managers with enhanced operational knowledge and skills. Technology development and transfer are integral to the success of certain businesses

supported by MPF1. Examples include providing technology and expertise for organic fertiliser production, recycling technology, sea cucumber hatchery production and ranching, and other innovative solutions vital to their business planning and growth. These activities will be facilitated by the portfolio advisor as part of the active support offered to portfolio Pacific/local SMEs and community-owned cooperatives.

D. EXPECTED PERFORMANCE AGAINST INVESTMENT CRITERIA

This section refers to the performance of the project/programme against the investment criteria as set out in the GCF's Initial Investment Framework.

D.1. Impact potential (max. 500 words, approximately 1 page)

Adaptation beneficiaries

142. MPF1's impact potential is anchored in its ability to strengthen the climate resilience of Pacific coastal communities and reef-dependent livelihoods through a portfolio of adaptation-focused SME investments in Fiji, Tonga and Vanuatu. The Fund's investments target enterprises operating at the land–sea interface and in reef-adjacent coastal economies, where climate hazards and ecosystem degradation directly affect income stability, food security, and local economic resilience. Consistent with the GCF Results Management Framework, MPF1's beneficiary reach is quantified under Core Indicator 2 (Direct and Indirect Beneficiaries Reached), capturing both:

I. Individuals who benefit through attributable livelihood and service pathways linked to investee operations, and

II. Broader reef-adjacent coastal populations benefiting through improved ecosystems and reduced environmental stressors (e.g. reduced land–sea pollution) that support reef resilience, coastal protection, and livelihood stability.

143. Based on conservative deal-level calculations presented in Annexes 23a and 23b, MPF1 is expected to reach a combined total of **626,786 beneficiaries** over the Fund's lifetime. This includes **62,058 direct beneficiaries** reached through investment-linked livelihood and service pathways, and **564,728 indirect beneficiaries** benefiting through ecosystem-service and community-resilience pathways associated with improved reef health and reduced pollution pressures.

144. At the country level, MPF1-supported investments are expected to reach:

I. Fiji: approximately 5.93% of the national population directly and 56.55% indirectly;

II. Vanuatu: approximately 1.70% directly and 9.49% indirectly;

III. Tonga: approximately 1.37% directly and 8.04% indirectly;

145. These figures reflect the Fund's strategic focus on reef-adjacent coastal catchments, where climate risks and ecosystem degradation have the most material impacts on livelihoods and community resilience.

146. Direct beneficiaries comprise individuals who experience measurable and attributable resilience benefits through MPF1-supported investee operations, including:

I. Employees whose livelihoods and income stability improve through climate-resilient enterprise growth;

II. Producers, suppliers, shareholders, cooperative members, and service providers engaged in investee value chains; and

III. Direct users of climate-resilient products or services where investees provide trackable service delivery.

147. Indirect beneficiaries capture reef-adjacent and coastal populations who benefit from improved ecosystem functioning and resilience outcomes generated by MPF1 investments, such as enhanced coastal protection, stronger fisheries productivity, and reduced vulnerability to pollution-related environmental stressors, without being directly employed by, or contracted to, investees.

148. The balance between direct and indirect beneficiaries is calculated under the Base case using Annexes 23a and 23b. Each direct beneficiary is assigned one unique record and primary category and receives targeted medium-to-high-intensity support; the 1,057 formal jobs and 1,667 rural and Indigenous income beneficiaries are subsets or outcome attributes within the 62,058 direct total, not additions. Indirect beneficiaries receive lower-intensity area-based benefits only where a defined ecosystem-service pathway and bounded catchment exist. Dependence/exposure and attribution factors, direct-beneficiary exclusions, unique footprint identifiers and geographic overlap controls are applied. Fiji's 56.55% is therefore a net contextual reach ratio after known overlap controls, not uniform support to the population.

Mitigation Co-Benefits

149. While MPF1 is an adaptation focused fund, it will help the target countries achieve their mitigation goals by investing in sectors that reduce greenhouse gas (GHG) emissions and promote low-emission sustainable development. Its adaptation with GHG mitigation co-benefits will see the reduction/removal/sequestration of **1,927,105 CO2-equivalent emissions (tCO2e/year)** through improved waste management, regenerative agriculture, and carbon sequestration.

150. The fund focuses on waste management, regenerative agriculture (including natural fertiliser production and farmer training), sustainable fisheries, and low-impact tourism—addressing key drivers of coral reef degradation while delivering measurable climate mitigation outcomes:

- Investments in waste management and recycling facilities will treat and safely dispose of up to 79,000 t/year of waste and recycle around 38,120 t/year of plastic and metals and up to 53,000 t/year of green waste and manure, reducing methane emissions and avoiding further emissions from the virgin material production displaced by recyclables.
- The recycled green waste and manure will be processed into local natural fertiliser production (~40,000+ t/year of non-synthetic fertilisers annually), avoiding the use of industrial synthetic nitrogen fertilizers, which are energy-intensive to produce are associated with higher nitrous oxide emissions due to their high nitrogen concentration and rapid release.
- Supporting businesses producing non-synthetic fertilizers (~40,000+ t/year) reduces nutrient runoff from 26,000 hectares of sugarcane farms and replaces synthetic nitrogen use, lowering agricultural emissions.
- Sustainable fisheries and aquaculture projects reduce overfishing and promote marine ecosystem health, indirectly mitigating carbon emissions through improved oceanic carbon sequestration.
- Conservation of mangroves and tropical forests and reforestation enhance carbon sinks, contributing to long-term GHG removal.
- These activities align with methodologies such as the GHG Protocol for Project Accounting and recognized taxonomies for climate mitigation (e.g., MDB Common Principles for Climate Mitigation Finance Tracking).

D.2. Paradigm shift potential (max. 500 words, approximately 1 page)

151. MPF1 demonstrates paradigm shift potential by addressing systemic challenges in the Pacific through a regenerative economic model that can be scaled and replicated across the region and beyond. IF a Pacific-led investment fund and technical assistance facility back reef-positive, gender equitable Pacific SMEs with patient, ethical capital and hands on support, THEN these businesses can grow inclusive local economies that actively restore reefs and strengthen community resilience, BECAUSE Pacific entrepreneurs will finally have values-aligned finance and capability support to build regenerative, collaborative business models that reduce local drivers of reef degradation and enable right economic relationship with our lands, oceans and relationship with all living beings across generations. MPF1 operationalises this shift across four key GCF dimensions:

152. **Potential for scaling up and replication:** MPF1 establishes a blueprint for climate-resilient development via a locally based team deploying appropriate financing instruments and capability support into reef- and ocean-positive SMEs in waste management, agriculture, fisheries, and tourism. Its interconnected deal flow builds trust, strengthens supply chains, and amplifies impact, proving that the private sector can deliver climate adaptation and long-term green industrialisation while achieving near-term wins that build public support and social coalitions.

153. MPF1 acts as a primary market-maker. By utilizing GCF first-loss equity to build a successful, data-rich track record of profitable reef-positive enterprises, MPF1 provides the crucial demonstration effect. The systemic transformation occurs when local commercial banks and regional funds, who currently avoid this sector, use MPF1's audited financial and impact data to develop their own lending products for blue-economy SMEs, permanently lowering the perceived risk premium in Pacific SIDS.

154. **Potential for systemic reinforcement through interconnected deal flows:** MPF1's clustering strategy ensures that adaptation results are fundamentally greater than the sum of its parts, moving beyond isolated achievements to drive unified, ecosystem-wide outcomes. Rather than operating in traditional market silos, portfolio Pacific/local SMEs and community-owned cooperatives are structurally linked through commercial, logistical, and resource-sharing networks that allow them to actively reinforce one another's operational resilience. By establishing these circular dependencies - such as anchoring waste-management solutions directly into regenerative agriculture value chains - the success of an individual enterprise directly fortifies its cross-portfolio partners. This collaborative

framework aggregates localized outputs into a self-reinforcing regional network, demonstrating how private sector actors can collectively amplify environmental protection, stabilize supply chains, and build systemic climate resilience across the broader Vanua.

155. Potential for knowledge sharing and learning: Through its **active portfolio co-management and active ownership model**, MPF1 embeds knowledge-sharing, ESG standards, and regenerative, gender-equitable practices directly into investee operations, creating a living knowledge hub that informs future funds. By ensuring that local entrepreneurs integrate these practices into their core commercial models, the Fund generates highly replicable blueprints for sustainable scaling. *(Note: Broader capacity-building initiatives, such as farmer training programmes and internships for Pacific women in finance, are financed and delivered by the complementary, third-party-funded Technical Assistance Facility-TAF).*

156. MPF1 moves beyond individual investee impact through strategic value-chain integration. For example, capitalizing a central sustainable processing hub (e.g., cold storage or organic processing) permanently alters the market architecture. It creates a guaranteed, premium offtake market for indirect, artisanal suppliers who previously lacked a route to market, thereby cascading climate resilience and stable livelihoods throughout the broader coastal economy.

157. Contribution to the creation of an enabling environment: MPF1's equity investments tackle capital scarcity and capability gaps by demonstrating the commercial viability of regenerative models, moving actors out of silos into collaboration in service to all life. By bridging the gap between local SMEs and international capital, MPF1 builds a localised track record designed to transition risk-averse commercial banks away from rigid collateral constraints and toward cashflow-based lending, permanently de-risking underfunded sectors for future investors. *(Note: Broader ecosystem advocacy and capability building, including the convening of regional events like the Pacific Fund Manager Simulation, are supported by the complementary, third-party-funded TAF).*

158. Furthermore, the Fund structures its exit pathways to engage regional Pacific Island institutional investors - such as the Fiji National Provident Fund and BSP Life - or via Initial Public Offerings (IPOs) on the South Pacific Stock Exchange, proving that alternative economic models can achieve local liquidity. Finally, by using self-liquidating financial instruments for approximately 80% of the portfolio by deal count, and 67.6% by capital in the base case, MPF1 avoids portfolio-wide reliance on trade-sale exits in a market where buyers, listing venues and secondary capital are not reliably available at the depth required. This ensures that capital is recycled locally and serves as a replicable model for future blended finance impact funds across the region. A key element of MPF1's paradigm shift is this self-liquidating-first approach: every investment is structured so that equity exits can be achieved through local cashflows and buy-backs, proving that reef-positive, gender-smart SMEs in Fiji, Tonga and Vanuatu can recycle capital and transfer full ownership back to local founders and communities without depending on speculative trade sales.

159. Contribution to the regulatory framework and policies: MPF1 leverages its portfolio to drive policy evolution from the bottom up. By co-designing fisheries enforcement pilots and demonstrating viable, non-extractive enterprise models, MPF1 builds the case for reforms that enable MPAs, LMMAs, and other conservation measures, delivering on NDCs and NAPs. The Fund's portfolio companies will generate robust, real-world impact metrics and ecological baselines. This enables Pacific governments to base future coastal zoning, licensing, and national adaptation policies on proven, private-sector commercial realities rather than theoretical models.

160. Through its catalytic equity investment strategy, active portfolio management, and systems-change agenda (operating with complementary third-party-funded technical assistance), MPF1 unites stakeholders around long-term, well-financed transition pathways and shows how climate-resilient development consistent with GCF objectives can be operationalised and replicated across the region.

D.3. Sustainable development (max. 500 words, approximately 1 page)

161. MPF1 delivers the following co-benefits:

162. Environmental:

- Ecosystem restoration and sustainable resource management, aligning with SDG 13 (Climate Action), SDG 14 (Life Below Water), and SDG 15 (Life on Land).
- Facilitates the improved management of ˜1,500+ ha of farmland, agroforestry, and mariculture areas, alongside protection or restoration of 50,796 ha of forests and marine ecosystems realising carbon sequestration potential.

- Nutrient runoff reduction from ˜26,000+ ha of sugarcane farms, mitigating sediment and chemical threats to reefs, which exacerbate coral bleaching events under heat stress[11] (Donovan et al., 2020).
- Production of 40,000+ tonnes annually of fertilisers derived from invasive seaweed, manures and green waste, reducing reliance on imported synthetic fertilisers that contribute to greenhouse gas emissions and nutrient runoff harmful to reefs.

163. Social:

- Inclusive development by addressing systemic inequities in the Pacific, contributing to SDG 1 (No Poverty), SDG 8 (Decent Work and Economic Growth), and SDG 10 (Reduced Inequalities).
- Channels USD 20+ million to women-led or gender-equitable enterprises and USD 16.9 million to rurally owned businesses.
- Creates approximately 1,057 direct formal jobs with an emphasis on living wages and equitable opportunities for marginalised communities. Community-owned cooperatives empower Indigenous groups.
- By formalising employment in traditionally informal sectors like waste management, agriculture, and fisheries, MPF1 ensures access to social protections such as retirement savings and legal support.

164. Economic:

- Drives economic growth while promoting regenerative practices in alignment with SDG 8 (Decent Work and Economic Growth) and SDG 12 (Responsible Consumption and Production).
- Generates USD 271.8 million in total EBITDA over the Fund lifetime, USD 40.8 million in corporate taxes to Pacific governments and USD 86 million in foreign exchange earnings. *(Note: These economic projections are Fiji-only figures derived from the Fiji pipeline on base-case assumptions, pending equivalent Stage 3 readiness work in Tonga and Vanuatu, and are not fund-wide projections).*
- Investments in import substitution improve trade balances for Pacific nations by reducing reliance on imported goods such as synthetic fertilisers.

165. Gender-Sensitive Development:

- Sets clear gender targets for its portfolio, aligned with the 2X Global Challenge criteria, aiming for at least 33% of Pacific/local SMEs and community-owned cooperatives to be women-led, with potential to increase to 50% based on the pipeline. The fund operationalizes 2X Challenge standards across investments, ensuring specific gender outcomes.
- 30–50% of portfolio Pacific/local SMEs and community-owned cooperatives are women-led or majority women-owned, aiming for board or senior management representation of at least 30% women in most deals.
- 30–50% women employees plus implementation of at least one workplace equality measure such as flexible hours or childcare support.
- All investments are screened for 2X Challenge criteria: women ownership or founder status, 30%+ women in management or board roles, workforce targets, and relevant products/services benefiting women and girls.
- Pacific/local SMEs and community-owned cooperatives must show commitments to gender inclusion in their supply chains.
- Enforcement of equal pay, flexible work policies, robust safety programs against harassment, and supportive measures (such as flexible hours or childcare support, where feasible and proportionate to company size) across portfolio Pacific/local SMEs and community-owned cooperatives.
- The Fund will run an internship programme for young women business leaders and fund managers.

D.4. Needs of recipient (max. 500 words, approximately 1 page)

[11] Donovan, et al. 2020. Nitrogen pollution interacts with heat stress to increase coral bleaching across the seascape, Proc. Natl. Acad. Sci. U.S.A. 117 (10) 5351-5357, https://doi.org/10.1073/pnas.1915395117

166. **Vulnerability of the countries and specific vulnerable groups:** PICs are among the most climate-vulnerable countries globally, with rising sea levels, ocean acidification, and extreme weather events threatening coral reefs and coastal ecosystems. These impacts disproportionately affect all citizens and in particular vulnerable groups, including women and children. Fiji's tourism (38% of GDP) and fisheries (0.7% of GDP) sectors are highly dependent on healthy coral reefs, which also provide critical coastal protection for 21% of the population living within 1 km of the shore. These impacts disproportionately affect women, who are highly reliant on informal, climate-sensitive coastal gleaning and agriculture, and who are significantly more likely to suffer during extreme weather events. MPF1 directly addresses these vulnerabilities by investing in community-serving businesses that implement regenerative practices to protect coral reefs and linked ecosystems. The resulting livelihood opportunities will strengthen communities' absorptive capacity by creating more reliable market access and diversified income sources, while also promoting ecosystem improvements. These ecosystem improvements from MPF1-supported investments can reduce exposure to and sensitivity to climate hazards by lowering pollution, improving fish stock management, and restoring reefs that buffer against storm surge. In addition, the Fund prioritises gender-equitable investments, supporting women-led enterprises through tailored mentorship and capability-building programs. This approach ensures that marginalised groups benefit from economic opportunities while enhancing climate resilience.

167. **Economic and social development level of the affected population:** Target PICs face significant development challenges, including extreme remoteness, low economic diversification, heavy reliance on natural resources, and underdeveloped financial markets. Socio-economic development is further constrained by deeply entrenched patriarchal norms that limit women's economic participation and leadership. Women hold only 10% of CEO roles in Fiji. Many MSMEs lack access to finance due to stringent collateral requirements and risk-averse banking systems. MPF1 contributes to economic development by providing patient risk capital to MSMEs in key sectors such as waste management, agriculture, fisheries, and tourism. By embedding gender equity into its investment strategy and aligning it with the 2X Challenge, MPF1 not only fosters inclusive growth but also supports women-led businesses and tailored internships that contribute to Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs).

168. **Absence of alternate sources of financing:** Governments in the region are trapped in perpetual cycles of disaster recovery, severely constraining their fiscal space and preventing public funding from meeting the proactive adaptation needs of the private sector. Simultaneously, local capital markets are shallow, unrated, and lack alternative financing instruments. Despite high liquidity in local banking systems, SMEs in the target PICs face significant barriers accessing finance due to underdeveloped capital markets, rigid collateral requirements, short loan tenors and limited investor confidence. Existing donor-funded initiatives often fail to provide sustainable support due to their short-term focus and lack of post-investment assistance. MPF1's blended finance model addresses this gap by leveraging junior equity from the GCF to crowd in senior equity from MDBs and private investors that would otherwise avoid the region.

D.5. Country ownership (max. 500 words, approximately 1 page)

169. MPF1 is grounded in strong country ownership and is fully aligned with the national climate strategies, GCF Country Programmes, and global frameworks across its target investment countries: Fiji, Vanuatu and Tonga. This alignment underscores MPF1's approach to delivering region-led, inclusive, and resilient climate finance in the Pacific.

170. **Existing national climate strategy and GCF country programme:** Each PIC has developed robust climate strategies integrating Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs), and, where applicable, Nationally Appropriate Mitigation Actions (NAMAs). These emphasise climate resilience, ecosystem and biodiversity protection, and private sector engagement. MPF1 aligns closely with these frameworks, targeting sectors such as sustainable fisheries, regenerative agriculture, and waste management. The fund uses coral reef health as a proxy for the health of Pacific ecological and social systems, anchoring its investments in ecosystem resilience. This systems-level approach allows MPF1 to contribute meaningfully to national targets across the region. MPF1 is also aligned with the SDGs, especially SDGs 5, 13, and 14, and draws guidance from the Planetary Boundaries framework to ensure ecological integrity.

171. **Relevance to and alignment with NDCs, NAMAs and NAPs:** MPF1's diversified pipeline strategy combines scalable, profitable investments with smaller, community-owned enterprises, and is managed by a local team – the first of its kind in the region. Initially focused on Fiji, MPF1's structure enables proof-of-concept before regional scaling. Up to 70% of capital will be deployed in Fiji, where the fund supports national plans like the 2025–2029 Development Plan and Vision 2050, including key areas such as sustainable marine resource management and MSME access to finance. In Fiji, the fund supports targets related to climate-smart agriculture, ecosystem

conservation, marine protection, and access to finance under the NDC and NAP frameworks. Similar alignments exist in (agroforestry and reef conservation) Tonga (coastal ecosystem management) and Vanuatu (livestock and forest adaptation).

172. **Role of National Designated Authority:** MPF1's operational and geographic deployment is anchored in discussion with NDAs to ensure full alignment with national climate priorities, NAPs, and NDCs. The Fund's immediate, mature pipeline is concentrated in its core market of Fiji, with origination already commenced in Vanuatu and Tonga, where formal No Objection Letters (NOLs) have been secured - reflecting strong national support of the Fund's initial capital deployment. Looking ahead to the Fund's phased regional expansion the Executing Entity continues to engage constructively with NDAs to align emerging pipeline opportunities with country priorities. Created by and for Pacific Island nations and led by Pacific private sector citizens with deep local knowledge and longstanding regional networks, this approach enables the Fund to advance confidently in its fully endorsed markets while systematically broadening its reach as additional country partnerships are formalised.

173. **Capacity of Accredited Entities or Executing Entities to deliver:** The division of labour between Enyorra (the AE) and Matanataki (the local EE) is structurally designed to guarantee genuine, locally led country ownership. While Enyorra provides international-standard regulatory and fiduciary oversight from Singapore, the actual implementation, community consultation, and deal origination are managed by a locally owned, Indigenous-led Pacific team. The senior GPs and Portfolio Advisor's beneficial owners are Fiji citizens—Malakai Naiyaga (Indigenous iTaukei) and Jodi Smith (5th generation Fijian-Chinese)—who operate with deep, long-term cultural accountability to the Vanua (the land, sea, and people). This local team manages due diligence, stakeholder engagement, and active post-investment co-management directly from within the region, ensuring that capital deployment is structurally aligned with national priorities (NDCs and NAPs) and respects customary land and marine stewardship arrangements.

174. **Engagement with civil society organizations, indigenous peoples, women, and vulnerable groups:** Civil society organisations, indigenous leaders, women, and vulnerable groups are engaged throughout MPF1's design and pipeline development. Notably, Matanataki Pte Ltd has an established 9-year history of collaboration with WWF Pacific, working together on initiatives funded by MFAT and DFAT. These collaborations have focused on developing community-led businesses (led by Matanataki Pte Ltd) and creating complementary inshore reef management plans (led by WWF). Several of MPF1's pipeline deals are either owned by or serve historically marginalised communities. Together, these elements underscore MPF1's approach to delivering region-led, inclusive, and resilient climate finance in the Pacific.

175. **Engagement with domestic investors and climate-finance ecosystem:** MPF1 is intentionally positioned within a growing but still under-served Pacific private-equity landscape, engaging both regional funds and domestic institutional investors such as the Fiji National Provident Fund and members of the Pacific Islands Investment Forum co-investment network, which together manage over USD 10 billion in assets and increasingly seek climate-aligned real-economy opportunities. As the first locally led, reef-positive origination platform in Fiji, Matanataki has helped to shape this landscape: its team has led private-sector deal flow for the GFCR Fiji programme, is named as a key implementing partner in joint initiatives with UNCDF, UNDP and WWF-Pacific, and is referenced across multiple partner proposals and FPs as a preferred local private-sector delivery mechanism. In developing MPF1, the Portfolio Advisor convened broad stakeholder consultations and a fund-manager simulation that invited domestic institutional investors (including FNPF, Fijian Holdings, BSP Life and the iTaukei Trust Fund) alongside development partners, government, potential investees and investors, and scientists, ensuring that the Fund's structure and pipeline respond to regional investee needs, investor appetite and to lessons emerging from other climate-fund and development-partner projects. MPF1's design consolidates these lessons on blended finance, technical assistance and reef-positive business models through a bottom-up, enterprise-led private-equity vehicle that is complementary to other AF, GEF and GCF initiatives, offering a dedicated platform to turn proven concepts into institutional-grade, locally owned businesses while avoiding duplication of existing programmes; in parallel, the Portfolio Advisor continues to encourage a more formal ecosystem-mapping effort that would bring all Pacific climate-finance actors into a shared diagnostic, but a funder or convener for this exercise has not yet been identified.

D.6. Efficiency and effectiveness (max. 500 words, approximately 1 page)

176. The structure of MPF1 has been deliberately designed to address systemic investment barriers in the Pacific, including high perceived risk, limited pipeline, and lack of patient capital. MPF1 adopts a blended finance approach with GCF providing equity, enabling the crowding-in of senior equity from MDBs and private investors. A junior

equity tranche acts as catalytic capital that improves the risk-return profile for commercial co-investors and mobilises private capital without crowding out other public or private investments.

177. The USD 60 million fund currently anticipates USD 15 million in junior and senior equity from the GCF. This is mobilised alongside an additional USD 13 million from other junior equity providers (DFIs), USD 20 million in senior equity from MDBs, a USD 0.5 million private investor soft commitment, a USD 0.6 million GP commit, USD 10.9 million further private sector commitment and USD 3 million in TA from other donors. The fund's 1:3 Fund-level equity co-financing ratio was determined in response to direct discussions with investors, both public and private, and is designed to crowd in more commercially minded MDBs and private investors while using concessional capital only to the extent necessary to address market failures, consistent with the OECD DAC blended finance principles on additionality, appropriate leverage, and minimum concessionality. The GCF's role is particularly crucial given the Pacific region's unrated markets, scarcity of investable data, and limited track record in institutional investment - challenges that inhibit traditional financiers. The justification for GCF support, detailed in Section B.5, is anchored in overcoming deep-rooted access-to-finance constraints faced by Pacific MSMEs, as highlighted by the Pacific Private Sector Development Initiative. GCF support addresses persistent bottlenecks including absence of collateral, inadequate revenue track records, and lack of post-investment capacity building. Without GCF's concessional capital and technical assistance acting as a structural anchor, the target pipeline would remain financially unviable, particularly for indigenous and community-owned businesses.

178. MPF1 is expected to generate both financial and economic returns. The projected financial net internal rate of return (IRR) for the fund is 9.1% to 9.6% and the multiple on invested capital (MOIC) is 1.58x to 1.69x across share classes. At the fund level this is a fund gross IRR of 14.3%, net IRR of 10.9% and MOIC of 1.80x. By supporting up to approximately 18 Pacific/local SMEs and community-owned cooperatives across the waste, agriculture, fisheries and tourism sectors, the Fund is expected to generate substantial socio-economic returns. The figures that follow are drawn from the ten Fiji pipeline companies that have been through Stage 3 Deal Readiness, where business plans, financial models and impact projections exist. They are therefore figures for the diligenced Fiji pipeline only, on base-case assumptions, pending equivalent Stage 3 work in Vanuatu and Tonga, and are not fund-wide projections: cumulative Earnings Before Interest, Tax, Depreciation and Amortisation of at least USD 271.8 million over the ten-year lifecycle; 1,057 direct jobs; increased income for 1,667 people in rural and indigenous communities; USD 86 million in foreign exchange earnings; and USD 40.8 million in corporate income tax contributions. These projections underscore the fund's transformative potential, not just as a financial instrument, but as a catalyst for sustainable economic development in the Pacific region, delivering significant value to local economies, communities, and broader stakeholders. Efficiency and effectiveness are further reflected in MPF1's investment approach: a portfolio balancing commercially scalable ventures and high-impact, community-owned enterprises. Best practices are embedded in MPF1's operations. Investment readiness support, corporate governance frameworks, and ESG risk management systems are informed by international standards and adapted to Pacific realities. Innovations include the use of self-liquidating equity instruments suited to indigenous businesses supporting local ownership and intergenerational wealth building.

E. LOGICAL FRAMEWORK

E.1. Project/Programme Focus

☐ Reduced emissions (mitigation)
☒ Increased resilience (adaptation)

E.2. GCF Impact level: Paradigm shift potential (max 600 words, approximately 1-2 pages)

Assessment Dimension	Current state (baseline)		Potential target scenario (Description)	How the project/programme will contribute (Description)
	Description	Rating		
Scale	Investment in Pacific Island Countries (PICs) has historically been limited due to perceived risks such as small-scale markets, lack of investment pipelines, and high development costs. MPF1 has screened over 150 businesses, with 10 investments identified as suitable for investment and ~8 to be originated across the region (3 anchor opportunities identified in Tonga/Vanuatu and 5 investments to be sourced during deployment).	Medium	MPF1 aims to scale investments across ˜18 SMEs in waste management, agriculture, fisheries, and tourism sectors. These businesses will deliver measurable climate resilience outcomes, such as coral reef restoration, sustainable fisheries, and reduced land-based runoff impacting ecosystems.	*Describe key applicable outputs and or resulting outcomes relevant to increasing (scaling up) quantifiable results within and beyond the scope of the intervention.* MPF1's interconnected deal flow approach builds trust among businesses while amplifying impact through strengthened supply chains (**Output 1.2; Outcome 4**). It will scale outcomes by: • Utilizing a blended finance structure where GCF's USD 15 million junior and senior equity acts as a catalyst to crowd in private and public co-investment, achieving a cumulative deal-level leverage ratio of 1:3 (**Output 1.1; Outcome 4**. This scales adaptation by making unrated, climate-vulnerable markets investable for commercial capital. • Supporting community-owned cooperatives and SMEs with tailored financing instruments and hands-on active co-ownership/co-management support (**Output 1.1, Output 1.4; Outcome 3**). • Facilitating climate-resilient infrastructure, like the Pacific's first Materials Recovery Facility, and expanding marine management areas and

				sustainable seafood production (**Output 1.3; Outcome 1).**
Replicability	Limited replicability exists due to a lack of structured approaches for scaling climate-resilient business models across PICs. However, MPF1's pipeline demonstrates potential for replication through interconnected investments and viability of investments.	Medium	MPF1 will replicate successful business models in other Pacific nations (e.g., Tonga, Vanuatu). The fund's approach includes knowledge and technology transfer in areas including business governance and management best practice, regenerative agriculture, marine spatial planning, high end and low impact tourism and waste management systems. MPF1 will catalyse regional market transformation by systematizing proven adaptation methodologies.	MPF1 will catalyse market transformation and replicability beyond the initial portfolio through three primary pathways linked directly to project outputs: • **Driving the Demonstration Effect (Output 1.1):** By successfully capitalizing and strengthening regenerative SMEs, MPF1 establishes a verified financial track record. This demonstration effect is designed to permanently lower perceived risk premiums in Pacific SIDS, crowding-in local commercial banks and institutional investors to independently finance climate-adaptive enterprises. • **Scaling Sectoral Integration (Output 1.2):** By operationalizing interconnected SME clusters (e.g., hub-and-spoke sustainable fisheries or circular waste-to-agriculture models), the project proves the commercial viability of integrated value-chain resilience. This structural model can then be replicated across new Pacific jurisdictions to strengthen broader regional economic stability. • **Institutionalising Local Capacity and Systems (Output 1.5):** By establishing standardised investee-readiness pathways, E&S/gender-smart management systems, and reef-health monitoring architectures, MPF1 creates a highly replicable operational blueprint. These frameworks and capacity-building models (funded via the complementary TAF and GCF catalytic equity) can be easily transferred and deployed across other capacity-constrained Pacific SIDS

				without duplicating foundational design costs, enabling rapid regional scaling of blue-economy MSMEs.
Sustainability	MPF1's focus on locally owned and community-owned businesses, and self-liquidating instruments (owner buy-back of equity) ensures long-term sustainability but requires substantial capacity-building support for governance and operational scalability.	Medium	Businesses supported by MPF1 will sustain their operations beyond the fund's lifecycle by through capability building, technical assistance and building institutional-grade business management and governance structures, creating a successful precedent which could attract more local and foreign capital.	MPF1 ensures sustainability by: - Transitioning climate adaptation innovations away from time-bound grant dependency into commercially viable, cash-generating enterprises that do not rely on perpetual donor funding to survive (**Output 1.1; Outcome 4**). - Structuring up to 80% of investments with self-liquidating instruments (e.g., demand dividends, redeemable preference shares). This ensures that once target returns are met, full ownership and wealth are permanently transferred back to local founders and indigenous communities (**Output 1.4; Outcome 3**) - Embedding regenerative production processes into SMEs (e.g., non-synthetic fertilisers from green waste) to ensure the business model itself is inherently sustainable.**(Output 1.3; Outcome 1)**. - Supporting community cooperatives and early-stage enterprises with targeted technical assistance for financial management, local governance, E&S/gender planning, and seed-stage capital (SAFEs) to build long-term bankability and operational independence (**Output 1.5; Outcome 3**) - Promoting gender-equitable governance structures to ensure inclusive growth and women's leadership.**(Output 1.4; Outcome 2)**.

E.3. GCF Outcome level: Reduced emissions and increased resilience (IRMF core indicators 1-4, quantitative indicators)

	IRMF			Target	Assumptions / Note

GCF Result Area	Indicator	Means of Verification (MoV)	Baseline	Mid-term	Final[12]	
ARA1 Most vulnerable people and communities	Core 2: Direct and indirect beneficiaries reached	Annual ESG, Impact reporting and regular reported data from MPF1 investee Pacific/local SMEs and community-owned cooperatives. Impact measurement surveys such as household / enterprise level surveys Mid-term and final evaluation surveys conducted by independent third-party consultants	0	Direct: 62,058 (31,267 female; 30,791 male) Fiji: 55,062 Vanuatu: 5,564 Tonga: 1,432 Indirect: 564,728 (284,571 female; 280,157 male) Fiji: 525,256 Vanuatu: 31,101 Tonga: 8,370	Direct: 62,058 (31,267 female; 30,791 male) Fiji: 55,062 Vanuatu: 5,564 Tonga: 1,432 Indirect: 564,728 (284,571 female; 280,157 male) Fiji: 525,256 Vanuatu: 31,101 Tonga: 8,370	Targets are aggregated from the projected reach of the indicative Base-case pipeline. Given MPF1's fund-based structure, final beneficiary numbers depend on the final portfolio composition. As detailed in Section E.7, investment-level baselines will be verified at onboarding and beneficiary records updated annually; material target changes will follow the established logframe review and change-control process. Waste management, agriculture, fisheries, and tourism-related SMEs invested through MPF1 contribute to reducing climate stressors on reefs and land. This enhances the adaptive capacity of project beneficiaries. The Fund intends to fully deploy its committed capital by the end of Year 5 (the mid-point of the project), thus mid-term beneficiaries are the same as final beneficiaries. Beneficiary estimates correspond to the Annex 23a Base case and Annex 23b methodology. Direct beneficiaries receive targeted medium-to-high-intensity support and are counted once using unique records and primary categories; jobs, wage status and income are attributes. Indirect beneficiaries are lower-intensity, area-based and net of direct and geographic-

[12] The final target means the target at the end of project/programme implementation period. However, for core indicator 1 (GHG emission reduction), please also provide the target value at the end of the total lifespan period which is defined as the maximum number of years over which the impacts of the investment are expected to be effective.

						overlap exclusions, subject to verification at closing. Templates, supporting material, and capacity support will be provided to facilitate data collection.
ARA1 Most vulnerable people and communities	Supplementary 2.1: Beneficiaries (female/male) adopting improved and/or new climate-resilient livelihood options	Annual ESG, Impact reporting and regular reported data from MPF1 investee Pacific/local SMEs and community-owned cooperatives. Jobs: Investee HR payroll data / HR Employment Contracts Income: Collected annually via "Listen to the Farmer/Fisher" surveys conducted by the portfolio Pacific/local SMEs and community-owned cooperatives Sample-based audits by the Fund's ESG advisor	0	62,058 (31,267 female; 30,791 male)	62,058 (31,267 female; 30,791 male)	New formal jobs created within MPF1-supported SMEs (e.g., waste facility staff, aquaculture technicians, recycling workers and logistics staff) represent adoption of climate-resilient livelihood pathways because these jobs are generated by enterprises specifically designed to reduce climate and ecosystem risks and operate in sectors that strengthen reef and coastal resilience. In addition to employment, producers and value-chain participants (e.g., farmers, fishers, suppliers and cooperative shareholders) will adopt climate-resilient livelihood practices and business models through participation in MPF1-supported value chains. This includes engagement in regenerative agriculture, sustainable aquaculture, waste-to-resource circular economy activities and reef-positive tourism supply chains that are designed to reduce climate vulnerability and ecosystem degradation. Adoption of climate-resilient livelihoods reduces extractive pressures on reefs, ensuring stable, climate-resilient livelihoods for 62,058 direct beneficiaries. These livelihoods are considered climate-resilient because they reduce dependence on climate-sensitive and extractive practices (e.g., overfishing, synthetic fertilisers,

						unmanaged waste disposal); diversify and stabilise income streams through access to resilient markets and formal value chains. As a result, all direct beneficiaries are classified as adopters of improved or new climate-resilient livelihood options, consistent with Supplementary Indicator 2.1 and the methodology presented in Annex 23b.
ARA1 Most vulnerable people and communities	Supplementary 2.5: Beneficiaries (female/male) adopting innovations that stregthen climate change resilience	Annual ESG, Impact reporting and regular reported data from MPF1 investee Pacific/local SMEs and community-owned cooperatives. Aggregated data presented annually to LPs detailing specific innovation deployed (e.g. waste recycling, regenerative agriculture inputs) Audited financial statements verifying revenue from specific product lines Catchment analysis of the population within the service area of new waste management infrastructure	0	62,058 (31,267 female; 30,791 male)	62,058 (31,267 female; 30,791 male)	This indicator measures the number of people who adopt or directly use climate-resilience innovations delivered through MPF1-supported enterprises. Examples of adoption pathways include: • Farmers and producers purchasing and using regenerative, non-synthetic fertilisers that improve soil health, water retention and drought resilience; • Households and businesses using improved sanitary waste collection and recycling services that reduce flood risk, drainage blockages and climate-related health risks; • Fishers, suppliers and smallholders integrated into climate-resilient and reef-positive supply chains (e.g. regenerative agriculture, sustainable fisheries and circular-economy value chains). Only direct users and adopters of MPF1-supported technologies and services are counted under this indicator. Broader populations benefiting from improved environmental conditions or replicated models are

						captured separately as indirect beneficiaries under Core Indicator 2.
ARA4 Ecosystems and ecosystem services	Supplementary 4.1: Hectares of terrestrial forest, terrestrial non-forest, freshwater and coastal marine areas brought under resoration and/or improved ecosystems	Annual Impact Reports submitted by portfolio Pacific/local SMEs and community-owned cooperatives, verifying operational metrics (e.g., hectares planted, waste diverted). Geospatial verification of marine ecosystem extent and pollution mitigation zones utilizing the Allen Coral Atlas analysis tools. Scientific baseline studies and periodic environmental monitoring reports (including biodiversity surveys and soil health assessments) conducted by independent scientific partners (e.g., Reef Explorer Fiji). Legal and governance documentation, including LMMA/MPA management plans, land lease titles, and supply chain registries confirming area coverage."	0	50,796 Ha	50,796 Ha	Productive Landscapes: Regenerative agriculture and agroforestry land managed by smallholders using MPF1-funded non-synthetic fertilizers and soil retention practices to prevent sediment and nutrient runoff from reaching the reef. Ultimately, these efforts will help protect 23,460 hectares of ecosystems from sea-level rise and storm surges. Marine Conservation & Management: Locally Managed Marine Areas (LMMAs) and Marine Protected Areas (MPAs) supported by portfolio Pacific/local SMEs and community-owned cooperatives (e.g., sustainable fisheries, waste management and tourism ventures). SMEs supported by the MPF1 are expected to improve ecological conditions, including water quality and the potential for reef recovery. Over time, these improvements are expected to reduce the vulnerability of reef-adjacent communities to climate shocks. Designating "no-take" zones (Tabu areas) and managing fishing grounds to restore herbivore populations that protect coral reefs. Restoration Areas: Smaller-scale restoration of mangroves and coral reefs (e.g., coral gardening) directly undertaken or funded by

						portfolio Pacific/local SMEs and community-owned cooperatives.
ARA4 Ecosystems and ecosystem services	Supplementary 4.3: Tonnes of fish stock brought under sustainable management practice	Investee Pacific/local SMEs and community-owned cooperatives submit production and sales logs (Catch Documentation Schemes or Harvest Logs) via the Fund's digital impact platform. Wild Catch verified through Marine Stewardship Council (MSC) chain-of-custody documentation or national fisheries observer reports. Aquaculture verified through farm harvest records and audits against best practice standards (e.g., Aquaculture Stewardship Council or organic standards). Periodic audits by the Fund's ESG advisor to confirm that the "sustainable management practices" (e.g., bycatch reduction, no-take zone compliance) are being adhered to.	0	47,336 MT	47,336 MT	SMEs invested through MPF1 will reduce stress on heat-affected coral reefs, support the recovery of herbivore populations, and enhance nutrient cycling in the ocean. These efforts will contribute to the sustainability of fish stocks and improve nutritional resilience. Estimated fish stock in metric tonnes (MT) within (i) areas of open fishing water and/or (ii) aquaculture farms that have been brought under sustainable management practices. Sustainable wild-catch pelagic fisheries (tuna) managed under MSC or equivalent standards. Sustainable land-based or coastal aquaculture.

E.4. GCF Outcome level: Enabling environment (IRMF core indicators 5-8 as applicable)

Core Indicator	Baseline context (description)	Rating for current state (baseline)	Target scenario (description)	How the project will contribute	Coverage
Core Indicator 6: Degree to which GCF investments contribute to technology deployment, dissemination, development or transfer and innovation	The Pacific region faces significant challenges in accessing advanced technologies and fostering innovation due to limited infrastructure, fragmented markets, and insufficient financial resources. SMEs often lack the capacity to adopt climate-resilient technologies or innovate within their industries. Current levels of technology deployment and innovation are low, with minimal integration of climate-smart solutions.	low	Through MPF1's equity investments, SMEs will adopt and scale climate-resilient technologies and innovative practices tailored to local contexts. The Fund's growth capital enables technology transfer at the firm level to enhance operational efficiency, reduce environmental impact, and improve resilience against climate change (e.g., funding the capex for waste-to-value infrastructure, solar cold-chain systems, and regenerative aquaculture technologies).	MPF1 contributes to technology deployment by providing the essential risk capital (**Output 1.1**) that SMEs need to procure, import, and implement proven climate-resilient technologies—such as enclosed land-based aquaculture systems, resilient crop design, and advanced recycling or waste-to-bioenergy facilities. Furthermore, the Fund Manager's active co-management approach (**Output 1.3**) ensures these technologies are successfully integrated into the SMEs' commercial operations. In addition, **Output 1.5** plays a catalytic role by delivering the early-stage capacity-building, operational training, and seed-stage quasi-equity (such as SAFEs) necessary to prepare local managers and cooperatives to competently operate and maintain these advanced, climate-	Multi-countries

				resilient technological systems.	
Core indicator 7: Degree to which GCF Investments contribute to market development/transformation at the sectoral, local, or national level	The Pacific SME market is underdeveloped, with limited access to capital and fragmented supply chains. Many sectors lack formalised systems for scaling operations or integrating gender-smart practices. The absence of robust market infrastructure inhibits growth and transformation.	medium	MPF1 aims to transform key sectors by creating scalable business models through its equity investments that integrate climate resilience and gender equity principles. The fund will catalyse market development by providing growth capital to SMEs that drive sectoral innovation, improve supply chain efficiency, and create new market opportunities, demonstrating the commercial viability of alternative transformational economic pathways.	MPF1 contributes to systemic market development through its catalytic equity investments and active co-management approach. At the firm level, the Fund drives sectoral innovation by deploying growth capital (**Output 1.1**) and actively co-managing SMEs to embed rigorous ESG, IRIS+, and 2X Challenge gender-smart frameworks (**Output 1.3**). At the systemic market level, the Fund establishes interconnected SME clusters (**Output 1.2**) that strengthen regional supply chains and demonstrate the commercial viability of regenerative, climate-resilient economic pathways (**Outcome 4**). Building this successful financial track record provides a powerful demonstration effect, reducing perceived regional market friction and catalysing future private equity investment. Furthermore, to ensure	Multi-countries

				local market capacities are permanently retained, the Fund executes structured local ownership transfers and self-liquidating exits (**Output 1.4**). These market-wide transformations are underpinned and sustained by **Output 1.5**, which formally institutionalises company-level Environmental and Social Management Systems (ESMS), Gender Action Plans, and reef-health monitoring architectures, ensuring that the local ecosystem's capacity to deliver and report on high-integrity adaptation outcomes persists long after the Fund's direct involvement.	
Core indicator 8: Degree to which GCF investments contribute to effective knowledge generation and learning processes, and use of good practices, methodologies and standards	Knowledge generation in Pacific SMEs is limited by inadequate access to training programs, lack of exposure to global best practices, and insufficient integration of gender-smart methodologies. Existing learning processes are informal and inconsistent.	medium	Through MPF1's active co-management of its equity investments, portfolio SMEs will integrate industry-leading practices, including gender-smart management systems, climate adaptation strategies, and operational excellence. The Fund's interconnected SME	MPF1 generates effective knowledge and learning by demonstrating how climate-resilient business models can scale in Pacific SIDS. At the firm level, the Fund Manager's active co-management approach (**Output 1.3**) ensures that SMEs adopt and institutionalise industry-	Multi-countries

			cluster strategy will foster organic, cross-portfolio collaboration and peer-to-peer knowledge sharing among local entrepreneurs.	leading practices, including GIIN IRIS+ impact measurement and 2X Challenge gender standards. At the systemic level, the Fund's interconnected deal flow strategy (**Output 1.2**) fosters cross-portfolio collaboration and peer-to-peer learning among local entrepreneurs. By proving that these regenerative models are commercially viable (**Outcome 4**), the Fund generates a replicable blueprint for future climate investments in the region. Capacity-building and learning initiatives, including smallholder training, female finance internships, and regional simulations, are integrated under Component 1 as **Output 1.5** and are co-financed through GCF's catalytic equity via management fees and the complementary TAF grant co-financing (USD 1.0 million minimum viable, USD 3.0 million target).	

E.5. Project/programme specific indicators (project outcomes and outputs)

Project/programme results (outcomes/ outputs)	Project/programme specific Indicator	Means of Verification (MoV)	Baseline	Target		Assumptions / Note
				Mid-term	Final	
OUTCOME 1: Restored and resilient coral reef and associated ecosystems achieved through the reduction of local climate impacts within Pacific Island Countries	Performance is measured and reported under GCF Results Areas ARA4 in Section E.3.					
OUTCOME 2: Institutionalised gender-responsive climate governance and economic empowerment within the private sector	Percentage of portfolio Pacific/local SMEs and community-owned cooperatives meeting 2X Challenge criteria for gender-smart governance and employment.	Annual Gender Action Plan reports submitted via the digital platform.	0	80%	80%	Creating portfolio value and active co-management.
OUTCOME 3: Increased adaptive capacity of marginalised groups through equitable access to climate finance and knowledge	Share of MPF1 capital deployed to locally owned SMEs and community-owned cooperatives, with disaggregation for women-led and Indigenous-linked enterprises	Investment Committee approved Term Sheets and Shareholder Agreements; Annual ESG and Impact reporting	0	˜USD 60 million	˜USD 60 million	Community-owned deals (cooperatives) in pipeline. Moving capital into Indigenous and rural enterprises / cooperatives who have historically been excluded from the formal banking system due to lack of collateral

						(land title) and geographic isolation. The cooperative (member-owned) share of the portfolio is expected to fall within a 5–10% capital allocation range (three to four community or member-based cooperatives out of an anticipated ˜18 investments), with the remaining capital deployed to Pacific/local SMEs that are locally owned but not formally cooperative-structured.
OUTCOME 4: Catalysed market transformation through demonstration and scaling of regenerative, climate-resilient business models for Pacific Island Countries	Estimated total accumulated EBITDA over 10 years	Audited Financial Statements;	0	USD 79.8 million	USD 271.8 million	Quantifies the operational wealth generated by the Fund's active management, which is the necessary condition for executing self-liquidating exits and securing long-term local ownership.
	Ratio of GCF investment to private/public co-investment at the deal level (mobilisation ratio).	Audited Financial Statements; Investment Committee Minutes	0	1:3	1:3	<u>GCF Equity Investment:</u> USD 15.0 million <u>Fund-Level Co-Financing:</u> USD 48.0 million. Breakdown: MDB 1 (15.0m), FoF (10.9m), DFI 1 (5.0m), MDB 2 (5.0m), DFI 2 (5.0m) Impact Investor (0.5m), GP commitment (0.6m), Bilateral Government Grant Donor (2.85m), donor or GP into TAF

						(0.15m). Leverage ratio is calculated at the Investment Fund level rather than at the funded-activity level. <u>Deal-Level Co-Financing:</u> USD 48 million. Additional equity or debt invested directly into the portfolio Pacific/local SMEs and community-owned cooperatives by third parties (e.g., banks, other funds) alongside MPF1's investment. Total Equity Mobilisation Ratio = USD 15.0m:45.0m (USD 15.0m GCF to USD 48m total mobilized capital across both fund-level co-investors and enterprise-level co-financiers)
Component 1 - MPF1 Investment Fund						
Output 1.1: Growth capital disbursed to climate- and reef-positive SMEs (pre-investment activities)	Total value of equity and quasi-equity capital deployed to Pacific SMEs	Audited Financial Statements; Investment Committee Minutes	0	USD 60 million	USD 60 million	The target is set at USD 60 million for the mid-term because the Fund has a 5-year investment period within a 10-year total fund life. The Fund intends to fully deploy its committed capital by the end of Year 5 (the mid-point of the project), after which it shifts to the portfolio management and exit phase. MPF1's

						catalytic equity capital supports waste management, regenerative agriculture, sustainable fisheries, and low-impact tourism-related SMEs, helping to reduce climate stressors on reefs and land.
	Percentage of MPF1 capital deployed to locally owned SMEs and community-owned cooperatives	Audited Financial Statements; Investment Committee Minutes	0	100%	100%	The Fund intends to fully deploy its committed capital by the end of Year 5 (the mid-point of the project). This indicator tracks finance to locally owned enterprises and cooperative structures
Output 1.2: Interconnected SME clusters operationalized	Number of functional supply chain partnerships established (where waste/output from one investee becomes input for another).	Supply chain contracts/MOUs between portfolio Pacific/local SMEs and community-owned cooperatives; Operational reports.	0	1	3	Cross-portfolio linkages promote circular practices across multiple industries: 1x Waste-to-Ag cluster; 1x Sustainable Fisheries cluster; 1x Tourism-Conservation cluster
Output 1.3: Active portfolio co-management, value creation, and impact monitoring executed	Percentage of portfolio Pacific/local SMEs and community-owned cooperatives implementing agreed Impact and Sustainability Plans (including ESAPs).	Annual Impact Reports	0	100%	100%	Creating portfolio value and active co-management.
Output 1.4: Local ownership transfer and self-liquidating exit mechanisms executed	Number of portfolio Pacific/local SMEs and community-owned cooperatives that have transitioned	Investment Committee approved Term Sheets and Shareholder Agreements.		0	15	Assuming 80% success rate of the ˜18 Pacific/local SMEs and community-owned cooperatives. Through a

	to majority local management and governance by Year 5.					planned transition process, local ownership embeds adaptive capacity within Pacific communities.
	Number of local enterprises and cooperatives with formal roles in implementation, business planning or portfolio learning processes	Investee engagement records; Fund planning documentation; Portfolio learning and MEL records	0	9	18	Promotes local ownership and implementation by placing local enterprises and cooperatives in operational roles across origination, implementation, climate-risk planning, and adaptive business execution.
Output 1.5: Investment-ready, regenerative SMEs and fund-level E&S, gender, impact and reef-health systems institutionalised	Percentage of pipeline and portfolio companies receiving pre- and post-investment capacity-building, E&S, and gender technical assistance	Technical assistance agreements; completed ESMS and Gender Action Plans; TAF progress reports.	0	100% of onboarded portfolio companies	100% of onboarded portfolio companies	Tracks the delivery of active, hands-on capacity support across the portfolio. Funded via GCF catalytic equity (management fees) and the complementary grant-funded TAF co-financing (USD 1.0 million minimum viable, USD 3.0 million target).
	Number of community-owned cooperatives or early-stage enterprises receiving seed-stage capital (SAFEs) to support bankability	Executed SAFE agreements; Investment Committee minutes; project-level financial records.	0	3 cooperatives / enterprises	3 cooperatives / enterprises	Tracks GCF catalytic investment capital deployed as seed-stage equity or quasi-equity (SAFE) instruments to transition early-stage community enterprises toward bankability (Activity 1.5.5). Aligned with the 5–10% cooperative capital allocation range under Outcome 3

Project/programme co-benefit indicators						
Co-benefit 1: GHG emissions reductions (reduced emissions and removals from waste management, recycling/resource efficiency, and AFOLU/agroforestry activities)	tCO2eq emissions reductions	Annex 22 GHG accounting workbook; annual ESG and impact reports from investee Pacific/local SMEs and community-owned cooperatives; facility intake logs, transport manifests, waste diversion records, recycling volumes, utility and fuel consumption records; GIS/satellite imagery and field verification for AFOLU activities; annual APR reporting; independent verification where required.	0	621,668 tCO2eq	1,927,105 tCO2eq over the 10-year programme period	Mitigation impacts are reported as co-benefits of this adaptation-focused programme and are calculated using the conservative methodology in Annex 22. Emission reductions/removals are estimated as the net difference between baseline and project scenarios for each eligible activity. Recycling and material recovery are quantified using CDM AMS-III.AJ; improved waste management and methane avoidance using CDM ACM0022 and TOOL04; and AFOLU/agroforestry removals using the FAO EX-ACT tool. The calculations apply conservative IPCC/CDM default or lower-bound parameters where local data are unavailable, exclude uncertain leakage or rebound effects unless demonstrable, and report only the MPF1-attributable equity share. Results are aggregated in the Annex 22 GHG

						accounting workbook and the MRV framework.
Co-benefit 2: Reduced environmental health risks and disease vectors through critical waste infrastructure upgrades	Volume of waste safely disposed of or recycled by portfolio Pacific/local SMEs and community-owned cooperatives.	Weighbridge dockets; Production logs verified by site audits.	0	466,181	1,214,391 tonnes (combined disposal + recycling)	Plastics and organics managed via MRFs minimise cyclone- and storm-surge–driven leakage of waste into reefs
Co-benefit 3: Strengthened national economic resilience through increased foreign exchange earnings and formal sector fiscal revenue	Estimated contribution of corporate income taxes to Pacific SIDS Governments	Verified by annual account lodgements and audits	0	USD 10.2 million	USD 40.8 million	Strengthening SIDS finance capacity and enabling governments to respond to climate shocks
Co-benefit 4: Improved employment, wages, productive transformation and living standards through the creation of globally equitable ”green” jobs and more diverse rural incomes	Number of direct formal jobs created	Portfolio company HR and payroll records	0	1,057	1,057 direct jobs	Job creation figures are estimated based on the current indicative pipeline of investments See Annexes 23a and 23b; the 1,057 jobholders are included within the 62,058 unique direct beneficiaries.

E.6. Project/programme activities and deliverables

Activities	Description	Sub-activities	Deliverables
Activity 1.1.1: Originating pipeline and screening for climate rationale	Deal screening. Stakeholder mapping and community-informed screening for opportunities involving Indigenous land, natural resources, cooperatives, or community-owned enterprises.	Sub-activity 1.1.1.1 Proactive sourcing of aligned prospects through strong local networks. Sub-activity 1.1.1.2 Initial screening to ensure Pacific/local SMEs and community-owned cooperatives meet legal and investment criteria. Sub-activity 1.1.1.3 Environmental and social (E&S) assessments for compliance	- Pipeline of ˜18 SMEs identified - ESS assessments

		Sub-activity 1.1.1.4 Internal Investment Team (IIM) approval to advance deals to evaluation.	
Activity 1.1.2: Assessing impact feasibility and commercial viability	Deal Evaluation. Seeking stakeholder, community input into the evaluation of key risks, adaptation impacts, and gender considerations.	Sub-activity 1.1.2.1 Conducting KYC checks. Sub-activity 1.1.2.2 Assessing key success factors, risks, climate adaptation impacts, and gender considerations. Sub-activity 1.1.2.3 Progressive screening for deeper compliance evaluations. Sub-activity 1.1.2.4 Second pitch to IIM for approval to proceed to deal readiness.	- Assessment of alignment to investment mandate and KYC checks
Activity 1.1.3: Conducting fiduciary, legal, and E&S due diligence.	Deal Readiness. Business planning, ESAPs, GAPs, and 180-day plans are co-developed through participatory workshops and consultations, not only prepared technically.	Sub-activity 1.1.3.1 Collaborating with potential investees on business planning, financial modelling, impact projections, and pitch decks. Sub-activity 1.1.3.2 Developing Environmental and Social Management Systems (ESMS) and Gender Action Plans. Sub-activity 1.1.3.3 Preparing 180-day project plans and term sheets for committee approval.	- Business Planning - ESMS and GAPs - 180-day Project Plans
Activity 1.1.4: Structuring investments	Due Diligence and Final IC Approval. Final structuring includes validation of benefit-sharing (where relevant), governance, ESAP/ESMS actions, and consent arrangements with affected stakeholders before IC approval.	Sub-activity 1.1.4.1 Conducting comprehensive legal, tax, ESG, and impact due diligence. Sub-activity 1.1.4.2 Negotiating term sheets and finalising Confidential Information Memos. Sub-activity 1.1.4.3 Securing IC approval for investment readiness.	- Investee training - Due Diligence reports - Terms Sheets - Confidential Information Memos
Activity 1.1.5 Deploying Capital	Investment Closing	Sub-activity 1.1.5.1 Executing legal agreements and corporate documents. Sub-activity 1.1.5.2 Implementing closing checklists to finalise investments and call capital.	- Legal agreements - Corporate documents - Investment disbursed to SMEs
Activity 1.2.1 Structuring commercial linkages and operationalising interconnected supply chains	The Portfolio Advisor actively brokers and formalises relationships within the portfolio to secure revenue and reduce import dependence.	Sub-activity 1.2.1.1: Establishing cross-portfolio supply agreements Sub-activity 1.2.1.2: Implementing shared logistics and resource pools Sub-activity 1.2.1.3: Integrating production cycles	- Supply agreements - MOUs

Activity 1.3.1: Creating portfolio value and active co-management	Portfolio value creation: The Portfolio Advisor executes a structured active co-management strategy to mandate the adoption of regenerative business models and drive value and resilience. Annual community review talanoa and governance reviews are part of active co-management for relevant Pacific/local SMEs and community-owned cooperatives.	Sub-activity 1.3.1.1: Onboarding and building processes Sub-activity 1.3.1.2: Executing active co-management and Gender Action Plans Sub-activity 1.3.1.3: Preparing for leadership transition	- Active co-management of portfolio Pacific/local SMEs and community-owned cooperatives - Value creation - Gender-smart tools implemented and gender-sensitive HR policies developed
Activity 1.3.2: Monitoring and evaluating financial and impact performance	This activity ensures rigorous oversight through a structured quarterly data cycle.	Sub-activity 1.3.2.1: Collecting performance data Sub-activity 1.3.2.2: Reporting and analysis Sub-activity 1.3.2.3: Review on hold or exit	- Quarterly monitoring reports of financial and impact data
Activity 1.4.1: Executing exit strategy and securing local ownership	Exit: MPF1 aims to exit investments and achieve returns mostly through self-liquidating instruments, ensuring wealth and assets are retained locally.	Sub-activity 1.4.1.1: Transferring control to local teams Sub-activity 1.4.1.2: Executing self-liquidating exits Sub-activity 1.4.1.3: Maximising cluster value	- Executed share of transfer deeds - Company Registry documents - Final financial performance reports
Activity 1.5.1: Providing pre-investment support to pipeline companies	Provides early-stage support to develop the pipeline companies, reducing transaction costs and bridging the capability gap for local founders. Support covers consultation facilitation, translation, participatory planning, and community-facing technical assistance during pre-investment. Stakeholder engagement costs (consultation, facilitation, translation, workshops and	Sub-activity 1.5.1.1: Business planning and financial structuring Sub-activity 1.5.1.2: Feasibility and risk assessments Sub-activity 1.5.1.3: Pilot design and regulatory support Sub-activity 1.5.1.4 Provide mandatory Board and Executive training to potential investees	- Funding for external consultants - Support to enhance Business Planning. - Impact and Sustainability Plans and related documentation outlining intended environmental, social, and economic outcomes.

	grievance follow-up) are also supported.		
Activity 1.5.2: Providing post-investment support to portfolio company for operational growth and impact	Once invested, support shifts to impact acceleration, providing the specialist expertise required to transition companies toward regenerative, gender-equitable operations.	Sub-activity 1.5.2.1: Building capacity and governance Sub-activity 1.5.2.2: Implementing regenerative standards Sub-activity 1.5.2.3: Operational innovation and exit support	- Third-party certification audit reports (e.g MSC) - Regenerative transition plans - Operational enhancement
Activity 1.5.3: Establishing fund-wide impact and E&S architecture	Embeds robust fund-wide systems for ESG, safeguards, gender-smart investing, impact measurement and reef-health monitoring, as well as stakeholder engagement platforms that align with NDCs/NAPs and country programmes and persist beyond GCF support. Stakeholder engagement platforms include annual regional simulations, recurring community consultations, grievance uptake channels, and disclosure mechanisms in local languages. Stakeholder engagement costs (consultation, facilitation, translation, workshops and grievance follow-up) are financed. Supports cost of key impact and ESG team members (supported by TAF).	Sub-activity 1.5.3.1: Impact Measurement and Management (IMM) Sub-activity 1.5.3.2: Strengthening the enabling environment Sub-activity 1.5.3.3: Institutionalising fund capacity	- Impact design and implementation - ESG planning, monitoring and reporting - Stakeholder engagement - Ecosystem health monitoring
Activity 1.5.4: Capacity building and developing talent	Capabilities of investees are improved through education via Portfolio Advisor and TA providers.	Sub-activity 1.5.4.1: Capacity programs developed at the fund level and delivered to all investees	- Training programs

		Sub-activity 1.5.4.2: Bespoke training developed specifically for portfolio companies.	
Activity 1.5.5: Seed investments - SAFEs for community-owned cooperative businesses	Seed investments for community-owned cooperative businesses to reach bankability.	Sub-activity 1.5.5.1: Seed investments made into select companies on a needs basis via Simple Agreements for Future Equity.	- SAFEs

E.7. Monitoring, reporting and evaluation arrangements (max. 500 words, approximately 1 page)

179. MPF1 will employ a robust monitoring and reporting system with integrated ESG metrics. This system has been established and will be supported by an ESG advisory firm retained by the EE to provide expertise in ESG compliance, impact measurement, and benchmarking fund performance against sustainability goals. Financial monitoring and reporting will be supported by a fund administrator, ensuring regulatory compliance and providing timely financial and performance reports. Regular updates on portfolio performance, ESG integration efforts, and incident reporting are shared with stakeholders, adhering to Institutional Limited Partners Association (ILPA) Principles 3.0. An external auditor will be appointed to conduct annual audits of MPF1's financial accounts to ensure compliance with regulatory requirements and provide assurance on fund performance. MPF1 will establish programme-specific arrangements for monitoring and reporting: (i) Quarterly: MPF1 will produce unaudited quarterly Financial Reports and detailed ESG and Impact Dashboards; (ii) Annually: Comprehensive audited Financial Statements and Impact Assessment Reports (ESG compliance and climate resilience contributions are evaluated using metrics such as coral reef health improvements and gender equity indicators) are prepared annually.

180. Adaptive management: MPF1 will embed a structured adaptive management framework within its oversight protocols. This framework will mandate regular (e.g. biennial) review of the fund's logframe (Section E) and ToC, creating a formalised mechanism to update, validate, or adjust performance targets as the portfolio evolves over the 10-year lifespan. Crucially, the fund recognises that current baseline and impact targets are modelled on an indicative pipeline. As the portfolio takes concrete shape, a logframe will be revisited. Once investee Pacific/local SMEs and community-owned cooperatives move past final approval and are formally onboarded into the fund, they will begin reporting directly on their specific, contractually mandated indicators. At onboarding, the AE will require an investment-level beneficiary baseline and counting plan covering unique identifiers, primary categories and intensity, relevant disaggregation, geographic footprints, population sources, attribution and overlap treatment, and will recalibrate assumptions and targets against verified investee baselines. This logframe ensures that the fund establishes highly realistic, accurate, and portfolio-informed targets that maximise accuracy of result reporting without compromising accountability.

181. Interim evaluations focus on assessing progress toward predefined milestones, including financial performance benchmarks (e.g., revenue growth) and impact metrics. Final evaluations comprehensively analyse the Programme's contributions to a paradigm shift in climate resilience and enabling environments.

Data Verification, Roles, and Third-Party Validation

182. Given the diverse nature of the SME portfolio, MPF1 employs a multi-tiered data verification process to ensure data quality, consistency, and comparability across all investments:

I. **Internal Roles and Quality Assurance (QA/QC)** Data reported by portfolio Pacific/local SMEs and community-owned cooperatives undergoes strict internal verification before it is consolidated at the fund level. The roles are defined as follows:

- **Relationship Managers (RMs):** Responsible for the primary collection of quarterly financial and IRIS+ impact data directly from their assigned portfolio Pacific/local SMEs and community-owned cooperatives.

- **Financial Accountant & Controller (FAC):** Serves as the independent QA/QC check. The FAC uses a standardised Financial Statement Quality Checklist to verify the integrity and accuracy of the portfolio company-generated data. If significant errors or inconsistencies are found, the FAC and RM initiate immediate corrective action meetings with the SME's management.
- **Portfolio Manager (PM):** Drives the overall reporting process, ensures final data completeness, and manages the aggregation into the central Portfolio Company Dashboard to ensure comparability across the Fund.

II. **Standardised Data Collection** To ensure comparability across a diverse portfolio, all SMEs are contractually required to self-report using standardised templates that harmonise with the Global Impact Investing Network (GIIN) IRIS+ system and 2X Challenge criteria. Additionally, beneficiary data will rely on unique beneficiary and catchment registers plus auditable investee records, supported by cross-investee duplicate checks, climate-attribution and overlap review, plausibility checks and sampling-based validation.

III. **Independent Third-Party Validation** MPF1 utilizes AE Fee and the complementary, third-party funded TAF to finance independent, third-party validation, ensuring ultimate data integrity and avoiding self-reporting bias:

- **Independent Impact Reviews:** The TAF commissions external, independent impact and ESG experts to conduct periodic Impact Reviews. These experts verify the reported KPI data (climate, reef, gender, socio-economic), assess data quality and consistency, and highlight material limitations or impact risks.
- **Specialist GHG and Ecological Verification:** Where required, independent third-party verification is commissioned to review the underlying operational data, site conditions, and calculation outputs for GHG emission reductions (e.g., waste diversion weighbridge dockets).
- **Mid-Term and Final Evaluations:** Comprehensive assessments of the Fund's outcomes are conducted by independent External Evaluators, assessing both quantitative metrics and qualitative changes at the mid-point and end of the Fund's life

183. The AE will maintain the following structured reporting relationships:

- NDA: Regular updates are provided to the NDA/Focal Point on project indicators, implementation challenges, and financial status.
- Portfolio Pacific/local SMEs and community-owned cooperatives: Portfolio Pacific/local SMEs and community-owned cooperatives are contractually required to deliver quarterly reports covering financial performance, ESG and impact metrics, progress against any Corrective Action Plans (CAPs), and disclosure of any incidents or risk events. Reporting must align with standardised templates harmonised to GIIN IRIS and 2X Challenge metrics, and will be facilitated, if feasible and cost effective, through digital platforms to allow for real-time tracking of ESG compliance and performance milestones. Annually, Pacific/local SMEs and community-owned cooperatives must provide a comprehensive report on their environmental, health, safety, and social compliance within three months after each financial year.
- LPs / Investors: The Fund provides comprehensive quarterly and annual audited reports to Limited Partners (LPs), following industry-standard templates such as the ILPA quarterly fee and capital account reporting template. Reports include a review of financial, operational, and ESG performance, major risk events, value creation initiatives, and the status of each portfolio company. Annual ESG Impact Reports provide an in-depth summary of impact outcomes and ongoing challenges.

184. The governance framework integrates systematic evaluation mechanisms:

- LPAC: Provides oversight on fund governance, including compliance with partnership agreements and monitoring non-financial disclosures like ESG integration.
- Independent Audits: Financial audits by external auditors will ensure regulatory compliance and validate fund performance benchmarks.

- Continuous Disclosure: Both AE, EE and Portfolio Pacific/local SMEs and community-owned cooperatives will operate under a continuous disclosure framework for material events affecting Programme outcomes.

185. By embedding rigorous monitoring, reporting, and evaluation protocols into its operations, MPF1 ensures alignment with GCF standards while fostering transparency and accountability across all stakeholders.

F. RISK ASSESSMENT AND MANAGEMENT

F.1. Risk factors and mitigations measures (max. 3 pages)

As a fund manager in the Pacific, where there is very limited private equity investment track record, MPF1 faces risks that could potentially hinder achievement of its objectives. These include financial risks, operational risks, macroeconomic and political risks, and compliance risks. In addition, climate-related hazards such as extreme weather events may disrupt portfolio Pacific/local SMEs and community-owned cooperatives and the Fund's own operations. Mitigation measures include leveraging the team's deep local knowledge and networks, a robust investment and LP pipeline, a diversified investment strategy, strong governance framework, and selective use of external experts. By proactively identifying and managing these risks, MPF1 is well positioned to ensure successful implementation and to deliver resilient outcomes.

Selected Risk Factor 1 **Financial Risk - Capital Deployment**

Category	Probability	Impact
Technical and operational	Medium	High

Description

MPF1 may face slow or limited capital deployment due to the small and fragmented markets of Pacific Island countries, which may constrain the number of investment-ready enterprises.

Mitigation Measure(s)

MPF1 currently has ten investment-ready or near-ready deals in Fiji, while the remaining ~8 investments will be originated and closed across Fiji, Tonga, and Vanuatu during Years 4–5 to reach the full ~18-company portfolio (three anchor opportunities have been identified in Tonga and Vanuatu, with approximately five further investments to be sourced during deployment). Deals are at different stages: 10 are investment-ready or near-investment ready and some are in early stages of due diligence, while other new opportunities are being screened. MPLs team brings six years of direct origination experience. Channels for pipeline development include ongoing community engagement, direct business support, and partnerships with development finance institutions and local authorities. MPF1's "interconnected deal flow" approach builds synergies within the portfolio (joint procurement, shared market access, supply chain resilience), making deployment more scalable and resilient. This model, together with local credibility and international recognition, positions MPL to originate and close additional deals efficiently, even in difficult markets.

Selected Risk Factor 2 **Financial Risk - Fundraising**

Category	Probability	Impact
Technical and operational	Medium	High

Description

As a fund manager in a frontier region, MPF1 may face challenges in securing sufficient commitments to reach a viable fund size, constraining its ability to diversify investments and achieve intended adaptation outcomes. The same risk applies to the complementary, wholly donor-funded TAF, for which no funding is secured as at the date of this proposal.

Mitigation Measure(s)

MPF1 has a diversified pipeline of LPs. Advanced discussions and DD totalling ˜USD 55 million are underway with major MDBs, DFIs and a Family Office. Discussions with further LPs have commenced, including other Bilateral Development Finance Institutions, Bilateral Government Grant Donors and MDBs. These conversations have generated active requests for follow-ups and additional documentation. A deeper LP funnel with over USD 75 million of institutional and commercial prospects has been mapped and a placement agent may be retained on a success-fee basis to help secure final commitments. To mitigate fundraising risks, MPF1 has set an achievable first-close target (USD 30 million, fund model provided in Annex 3). The financial model demonstrates that while projected returns decrease (fund net IRR of 12.1% and MOIC of 1.78x on called capital in the base case) the fund is still viable and portfolio diversification can be maintained at minimum fund size by focusing on a pipeline of ˜12 Pacific/local SMEs and community-owned cooperatives, staged capital deployment, and a robust reserve pipeline. On technical assistance, the Fund is designed to operate under both the USD 3.0 million target TAF and a USD 1.0 million minimum viable scenario, with climate, environmental and social, and gender support to portfolio companies delivered under either; the GP and the Portfolio Advisor have undertaken to use commercially reasonable endeavours to establish a facility of not less than USD 1.0 million.

Selected Risk Factor 3	**Financial Risk - Liquidity/FX/Exit**	
Category	**Probability**	**Impact**
Technical and operational	Medium	High
Description		
The Pacific Islands have a limited track record of private equity exits, with few secondary buyers, capital markets, or M&A opportunities. This creates a risk that MPF1 may face difficulties in realizing investments and returning capital to investors.		
Mitigation Measure(s)		
MPF1 mitigates exit and FX risk by combining self-liquidating instruments with portfolio-level liquidity management, disciplined exit timing and enforceable contractual protections. Around 80 percent of investments use redeemable preference shares and demand-dividend structures with agreed amortisation and balloon repayments, while the remaining 20 percent target trade sales or IPOs to identified local and regional institutional buyers, timed to coincide with stronger cashflows and market conditions. Early cashflows are partially retained as a portfolio-level liquidity reserve through recycling, reducing pressure to force sub-optimal exits, and all shareholder agreements include pre-agreed buy-back formulas, step-in rights and first-refusal provisions in favour of local owners. FX risk is further managed by prioritising USD or USD-pegged instruments and pipeline Pacific/local SMEs and community-owned cooperatives with export or other foreign-currency earning capacity and, for local-currency deals, by sequencing exits into periods of more favourable FX conditions and embedding minimum USD-equivalent return thresholds aligned with the Fund's USD obligations.		

Selected Risk Factor 4	**Team Capacity and Key Person Risk**	
Category	**Probability**	**Impact**
Technical and operational	Medium	Medium
Description		
Please describe the risk to the best of your knowledge at this point in time. Recruiting and retaining skilled investment professionals in Pacific Island markets can be challenging due to limited local talent pools and competition for qualified staff. This could affect the Fund's ability to execute its investment strategy and manage its portfolio effectively.		
Mitigation Measure(s)		
The Portfolio Advisor is actively executing a structured hiring plan: several high-potential team members have been identified and are contributing part-time, with transitions to part-time and full-time roles following closing. The Portfolio Advisor is also recruiting a Senior Investment Manager to fortify operational resilience, with this hire set to co-lead day-to-day operations and support scale-up across Pacific Island countries. One of the two current co-GPs will focus on Chairing the IC, Fiji strategy and LP relations, with the other co-GP Chairing the MAC and supporting governance. Senior staff (Regenerative Impact Director) and the LPAC & IC Coordinator are positioned to take on expanded duties. Purpose Capital will support pre-close DD deal review and will continue in this role for up to 6 investments after fund closing.		

Selected Risk Factor 5	**Macroeconomic/Political Risk - Regional Market Context**	
Category	**Probability**	**Impact**
Other	Medium	Medium
Description		
Macroeconomic and sectoral/regulatory risks are significant given the Pacific region's economic volatility, fragmented regulatory landscape, and exposure to external shocks. Macroeconomic risks include small market size, remoteness, and dependence on a few vulnerable sectors, all of which heighten sensitivity to global economic disruptions and climate events. Sectoral and regulatory risks stem from evolving policies, inconsistent regulations, and limited enforcement capacity, particularly in fisheries, agriculture, and waste management, which may impact business sustainability and investment certainty.		
Mitigation Measure(s)		

Mitigated through diversification and proactive management. MPF1 invests across multiple PICs and sectors, thereby reducing exposure to localised shocks and changing economic conditions. ˜60% of the portfolio targets export-oriented enterprises, which significantly buffers domestic market volatility and limited local demand. Close engagement NDAs ensures early identification of emerging regulatory or policy shifts. This is paired with rigorous pipeline development and due diligence, which test regulatory feasibility ahead of investment, thereby minimising the risk of delayed approvals or non-compliance after capital is deployed.

Selected Risk Factor 6	**Climate Change**	
Category	**Probability**	**Impact**
Technical and operational	Medium	Medium
Description		
PICs are exposed to severe climate change risks, including sea level rise, extreme weather events such as cyclones and floods, and resulting disruptions to agriculture and fisheries. These hazards could damage portfolio company assets, supply chains and infrastructure, potentially undermining both MPF1's financial performance and its development impact. The exposure is correlated rather than idiosyncratic: a single severe event reduces investee revenue and the value of the assets against which local finance is secured at the same time, so revenue interruption and collateral impairment arrive together and across several investees at once. Paragraph 117 illustrates the scale involved, the 2022 Tonga volcanic eruption having caused damage equivalent to 36% of nominal GDP. In the Fund's analysis the risk transmits principally through revenue interruption and delayed realisation rather than through damage to assets the Fund itself owns, since MPF1 holds enterprise value in unlisted SMEs rather than physical assets.		
Mitigation Measure(s)		

MPF1 addresses this risk by investing in climate-resilient SMEs and embedding climate risk analysis, design and planning into investment due diligence. Portfolio Pacific/local SMEs and community-owned cooperatives are supported to adopt preparedness measures and to strengthen adaptive capacity. Diversification across multiple countries and sectors further reduces exposure.

Selected Risk Factor 7	**AML/CFT, Sanctions, Prohibited Practices**	
Category	**Probability**	**Impact**
ML/FT	Low	High
Description		
Operating in multiple small island economies may expose MPF1 to risks related to money laundering, terrorist financing, or other prohibited practices such as corruption. Weak regulatory capacity in some jurisdictions can heighten these risks and undermine investor confidence.		
Mitigation Measure(s)		

The Portfolio Advisor, under the oversight of the Manager, will apply AML/CFT and compliance standards consistent with international best practices. All investments will be subject to KYC, sanctions screening, and anti-corruption due diligence. The Manager, through its participation in the Investment Committee, will provide continuous supervision, review, and oversight to ensure that these safeguards are consistently applied.

Selected Risk Factor 8	**Country Concentration Risk**	
Category	**Probability**	**Impact**
Governance	Medium	Medium
Description		
High portfolio exposure to Fiji may heighten MPF1's vulnerability to country-specific risks such as economic volatility, regulatory changes, political instability, or natural disasters concentrated within Fiji. Significant events affecting Fiji's economy or governance could adversely impact a substantial portion of the fund's invested capital and disrupt intended impact and financial outcomes.		

Mitigation Measure(s)

While up to 13 investments may be in Fiji - leveraging strong local expertise and networks - these deals represent up to 70% of the total capital allocation. The remaining capital is purposefully diversified across other PICs, reducing vulnerability to any single market, and supported by active portfolio monitoring and risk controls, ensuring that both geographic diversification and local depth work together to protect investor interests and fund outcomes.

Selected Risk Factor 9	**Limited Business Capabilities of Investees**	
Category	**Probability**	**Impact**
Technical and operational	High	High
Description		
Limited business and operational capacity among investee Pacific/local SMEs and community-owned cooperatives poses a key risk to fund performance and impact delivery. Many Pacific SMEs lack management systems, financial discipline, and experience accessing external capital, which can result in weak project execution, poor governance, and reduced capacity to scale; this heightens the likelihood of failed investments.		
Mitigation Measure(s)		

Mitigation measures focus on a hands-on active ownership approach leveraging the core team's operational expertise. The Fund secures board representation and key veto rights to exercise significant influence over business decisions, while actively co-owning projects alongside local management teams. Reserved matters and contractual terms enable the fund to step in and implement corrective actions when investee performance, governance, or impact outcomes deviate from agreed targets, ensuring oversight and the ability to enforce operational and financial discipline aligned with impact goals.

Selected Risk Factor 10	**Early-Stage Exposure Risk**	
Category	**Probability**	**Impact**
Technical and operational	High	High
Description		
Exposure to early-stage enterprises presents a key risk to fund performance, as such businesses often have limited operating history, unproven business models, and minimal track record navigating market or regulatory complexity. These factors increase the likelihood of business failure, capital loss, delays in scaling, and challenges in establishing robust governance and risk management, thereby heightening volatility of returns and making it more difficult to build a diversified, investable pipeline of resilient enterprise.		
Mitigation Measure(s)		

The MPF1 portfolio composition balances investments between pure startups, contract-backed startups, and growth enterprises, limiting capital allocation to the purest startups (just 15% of portfolio value) while emphasising more mature, revenue-generating and contract-backed businesses. Risks are managed through staged capital deployment linked to milestones, strong investor rights and covenants, and the use of blended finance instruments to buffer potential losses.

Selected Risk Factor 11	**Portfolio Concentration Risk**	
Category	**Probability**	**Impact**
Governance	Medium	Medium
Description		
High concentration of commitments in a limited number of Pacific/local SMEs and community-owned cooperatives, sectors, or instruments at deployment, during holding, or at exit could expose MPF1 to idiosyncratic shocks that materially affect returns and impact outcomes. This risk is elevated in an emerging, unrated market with shallow exit options where several larger investments anchor the portfolio alongside smaller community-owned enterprises; under-performance of one or more large deals could weaken overall fund performance and delivery of climate resilience and gender-equity outcomes.		

Mitigation Measure(s)
MPF1 targets ˜18 investments across waste, agriculture, fisheries and tourism, balancing several larger, more profitable deals with smaller community-owned businesses to diversify exposure by size, sector and business model. The investment process applies a staged deployment plan and clear limits on maximum exposure per single investee and per cluster of related businesses, including at the commitment stage and prior to approving follow-on capital, to avoid excessive reliance on any single asset or sector. Active co-ownership, quarterly portfolio reviews and fund-level scenarios are used to detect emerging concentrations and adjust deployment, technical assistance and exit sequencing. Use of self-liquidating instruments (preference share balloons, demand dividends), diversified exits (self-liquidation, trade sales, IPOs) and blended finance structures (first-loss capital and TA) supports staggered cashflows and multiple exit routes, reducing dependence on single large exits.

G. GCF POLICIES AND STANDARDS

G.1. Environmental and social risk assessment (max. 750 words, approximately 1.5 pages)

186. The AE has categorised this Programme as Category I-2, indicating medium environmental and social risks. This classification is based on the potential for adverse impacts that are site-specific, largely reversible, and can be mitigated through targeted measures. The categorisation aligns with the GCF ESS standards and was determined through a structured risk screening process outlined in MPL's ESMS.

187. At the fund level, an Environmental and Social Management System (ESMS) has been developed as a comprehensive framework that includes risk categorisation, due diligence, monitoring, grievance mechanisms, and corrective action plans. At the portfolio level, investment-specific assessments and management plans have not yet been developed; these will be prepared during the programme implementation period once specific investments are identified and finalised. The specific instruments developed during implementation will be commensurate with the investment's context: for new projects, fit-for-purpose Environmental and Social Impact Assessments (ESIAs) and Environmental and Social Management Plans (ESMPs) will be developed; for existing facilities, Environmental and Social Audit Reports or Due Diligence Reports with Corrective Action Plans (or ESAPs) will be required. Other applicable plans, such as Indigenous Peoples Plans (IPPs), will also be prepared during implementation as required.

188. The ESMS ensures the following key outcomes: (i) Screening of all portfolio Pacific/local SMEs and community-owned cooperatives against exclusion lists; (ii) Categorisation of risks strictly into Category B (medium) or Category C (low) as per the GCF Environmental and Social Policy (RESP); (iii) Development of appropriate investment-specific ESIAs/ESMPs or Audit Reports during programme implementation to mitigate identified risks; (iv) Contractual obligations of portfolio Pacific/local SMEs and community-owned cooperatives; and (v) Annual audits to ensure compliance. Under no circumstances will the Fund support projects categorised as Category A (high risk) or Category B+ (medium-high risk). These are strictly excluded in compliance with the requirements of the PSAA, which limits GCF proceeds to Category B and C investments.

189. The primary E&S risks identified include: (i) Environmental Impacts: Pollution control, waste management, biodiversity loss; (ii) Social Risks: Labor rights violations, gender inequality; (iii) Indigenous Peoples' Impacts: Potential marginalisation or cultural harm; (iv) Climate Risks: Transition risks due to carbon pricing or physical climate impacts.

190. To address / mitigate these risks portfolio Pacific/local SMEs and community-owned cooperatives are required to implement pollution control measures and biodiversity action plans; labour rights are safeguarded through compliance with international standards such as the International Labour Organization’s principles; FPIC is ensured for all projects affecting indigenous communities, and an ESG Committee will be established comprising Investment Managers, relevant Senior Advisors and external consultants to oversee implementation and regular reviews of the MPF1 ESMS and portfolio company ESIAs.

191. Rigorous due diligence is conducted at the portfolio company level through ESG assessments integrated into investment analysis; ESIAs conducted where necessary and ESG corrective action plans are developed collaboratively with portfolio Pacific/local SMEs and community-owned cooperatives. Oversight arrangements include regular monitoring, annual reporting on ESG performance by portfolio Pacific/local SMEs and community-owned cooperatives, and external audits where necessary. Due diligence is also conducted on third party service providers through screening and compliance checks of third-party service providers’ qualifications, past performance, and compliance with its ESMS, Code of Business Ethics, and relevant policies (e.g., Fraud Prevention Policy). This includes ensuring alignment with IFC Performance Standards and GCF requirements. Service providers deliverables are reviewed for quality and compliance. Investment Managers oversee service providers’ work to ensure alignment with investee goals, elevating any concerns to the ESG Committee. A grievance mechanism and been established and is accessible via email for stakeholders to report concerns confidentially. Portfolio Pacific/local SMEs and community-owned cooperatives are contractually required to implement similar mechanisms in line with IFC Performance Standards.

192. While MPF1’s longest operating history and initial pipeline origination (2019-2025) involved intensive, structured consultations primarily in Fiji, our comprehensive stakeholder engagement approach applies across all target countries supported by the Fund, including Vanuatu and Tonga. These processes involve *talanoa*-style dialogues, small-group meetings, and workshops with traditional leaders, cooperative representatives, enterprise owners, women, and youth. They directly inform which opportunities progress in the pipeline, how business models and benefit-sharing arrangements are designed, and which adaptation and gender outcomes are prioritised. During implementation, for every investment across Fiji, Vanuatu, and Tonga, stakeholder mapping, disclosure,

consultation, grievance access, FPIC processes (where relevant), and monitoring arrangements will be adapted to the specific country and local context and implemented throughout the investment lifecycle. This will be conducted in strict accordance with GCF's Information Disclosure Policy and the MPF1 Stakeholder Engagement Plan (Annex 7)

193. The programme recognises the potential for impacts on indigenous peoples due to land use changes or cultural disruptions. Mitigation measures therefore include: (i) development, where required, of project-specific Indigenous Peoples Plans (IPPs) or equivalent measures tailored to each portfolio company's context; (ii) application of FPIC processes throughout the project lifecycle, including where material changes to scope or risk profile occur; and (iii) incorporation of Indigenous knowledge systems into portfolio company business planning and land and marine use design. To ensure accessibility and trust, consultations and FPIC processes will be conducted in local languages where necessary, using culturally appropriate formats and safe spaces (including dedicated sessions for women and youth), and with the support of trusted local focal points. All safeguard reports, including ESIAs, ESMPs, IPPs and stakeholder consultation records, will be disclosed in line with GCF requirements and made publicly available on MPL's website and, where relevant, through in-country channels (such as local notice boards) within 30 days of finalisation.

G.2. Gender assessment and action plan (max. 500 words, approximately 1 page)

194. A comprehensive Gender Assessment (GA) and Programme-level Gender Action Plan (GAP) has been established for MPF1, aligning with the GCF's Gender Policy. The GA identifies systemic barriers to gender equity in the Pacific, such as patriarchal norms, high rates of gender-based violence, and limited economic participation for women. MPF1's GAP aims to address these barriers by fostering women's empowerment through targeted investments in waste management, agriculture, fisheries, and tourism. The plan integrates culturally sensitive strategies while promoting gender-equitable business practices like equal pay, flexible hours, childcare support, male advocacy and zero tolerance for harassment.

195. The GAP is aligned with the 2X Challenge and includes specific actions to transition women from informal sectors into formal employment with legal protections and professional development opportunities including women's business leadership training and internship programs for future women business leaders. Key Findings from the Gender showed that women in the Pacific face disproportionate economic exclusion, unpaid care burdens (averaging 80 hours/week), and underrepresentation in leadership roles (e.g., only 10% of CEOs in Fiji are women), and that entrenched gender stereotypes, lack of workplace protections, and societal norms perpetuate inequality. Furthermore, women are overrepresented in informal sectors with limited access to legal rights.

196. Key recommendations to address vulnerabilities include (i) Promoting women's leadership through mentorship programs and peer-to-peer learning platforms; (ii) Transitioning informal sector workers into formal employment with workplace protections like equal pay and anti-harassment policies, and (iii) Engaging male advocates to challenge regressive norms and foster inclusive workplaces. Inclusive consultations were conducted with local communities, including group and one-on-one discussions with women to ensure culturally relevant solutions. Key inputs integrated include (i) Addressing vulnerabilities to ensure equal participation in MPF1 investments through tailored workplace policies; (ii) Setting measurable gender-related targets such as achieving 30% women's representation on boards across portfolio Pacific/local SMEs and community-owned cooperatives, and (iii) Gender Action Plans at the portfolio company level (deal-by-deal). These consultations will continue throughout implementation on a deal-by-deal basis to inform the design, validation and periodic updating of portfolio company Gender Action Plans and related workplace measures. Women's participation will be supported through culturally appropriate engagement methods, including targeted small-group and one-on-one consultations where needed, and the use of safe participation pathways to ensure that women's perspectives continue to shape implementation, monitoring and adaptive management. Expected Gender-Related Results are as follows: (i) Leadership Representation: Ensure at least one woman holds a CEO or C-suite position in each portfolio company; (ii) Workforce Inclusion: Transition women into formal employment with legal protections across all portfolio Pacific/local SMEs and community-owned cooperatives; (ii) Compliance with 2X Challenge KPIs: Achieve a target of at least 30% women's representation on boards or in senior management (where feasible and context-appropriate); ensure a significant proportion (target 30–50%) of portfolio Pacific/local SMEs and community-owned cooperatives meet or exceed the 2X Challenge criteria. A Gender Specialist will be on MPF1's ESG Committee to guide gender initiatives. Monitoring frameworks are aligned with 2X Challenge KPIs and regular reporting ensures accountability, while TA programs support capacity building.

G.3. Financial management and procurement (max. 500 words, approximately 1 page)

197. The AE and co-EEs utilise financial management systems to ensure transparency, accountability, and compliance with fiduciary and regulatory standards across jurisdictions. The structure leverages experienced service providers and rigorous governance mechanisms as follows:

1. Financial Monitoring Systems: Monitoring platforms provided by MPF1's Fund Administrator, a globally recognised Singaporean firm. The Fund Administrator ensures comprehensive accounting, financial reporting, investor communications, and compliance with regulatory requirements.
2. Auditing: A Singapore firm is appointed as MPF1's external auditor, conducting annual audits to ensure financial accuracy and compliance.
3. Accounting: Advanced accounting systems managed by the Fund Administrator (at the MPF1 Master Fund Pte. Ltd (the Master Fund) level) and local a Tax and Accounting firm (at the Fiji portfolio advisory level), streamlining cash flow tracking, financial performance evaluation, and regulatory documentation.
4. Disbursement Structure: Financial flows are managed through a waterfall structure by the Fund Administrator. Disbursements to investors follow pre-agreed mechanisms.
5. Fund Administration: The Fund Administrator handles all operational and administrative aspects related to fund governance, reporting, and accounting in Singapore.

198. Procurement activities for MPF1, critical to fund management and portfolio operations, adhere to rigorous standards outlined below:

1. Procurement Roles and Responsibilities: EE oversees procurement strategy and governance at the Portfolio Advisor level. AE ensures regulatory compliance at the Manager level. Legal and tax advisors support contracting and compliance, but procurement decisions (specification, solicitation, evaluation, award) remain with the EE/AE under defined procedures in the EPE Outsourcing Policy. Under the programme, the Portfolio Advisor will adopt and apply the Manager's Outsourcing Policy for all procured services, with legal and tax advisors providing supporting advice on contracting and compliance, while all procurement decisions (specification, solicitation, evaluation and award) remain with the AE under competitive, transparent procedures consistent with GCF fiduciary standards.
2. Procurement Risk Assessment and Mitigation: Procurement focused on vendor selection, cost efficiency, and regulatory obligations. Risk is mitigated by through competitive sourcing as the default method of procurement. Any direct award or limited tendering requires documented justification (market analysis, benchmarking, urgency/uniqueness, conflict checks) and appropriate approvals.
3. Procurement Plan: Prioritises regional expertise, cost-efficiency, and alignment with impact objectives, focused on fund infrastructure setup, ESG compliance, taxation advisory, and portfolio development. Procurement plan provided in Annex 10.

199. The AE and EE engage service providers to ensure the seamless administration of MPF1 and adherence to international fund management best practices:

1. Fund Administrator: Manages fund management back-office functions, accounting systems, and financial flow management and compliance.
2. Auditor: Provides independent auditing services to maintain financial transparency.
3. Legal Counsel: Legal compliance, contractual arrangements, and regulatory documentation.
4. Tax Advisor: Optimises tax structuring and cross-jurisdictional financial efficiencies.
5. Back-office support: Manages portfolio advisor back-office functions, including bookkeeping, tax reporting and payroll.

G.4. Disclosure of funding proposal

☐ No confidential information: The accredited entity confirms that the funding proposal, including its annexes, may be disclosed in full by the GCF, as no information is being provided in confidence.
☒ With confidential information: The accredited entity declares that the funding proposal, including its annexes, may not be disclosed in full by the GCF, as certain information is being provided in confidence. Accordingly, the accredited entity is providing to the Secretariat the following two copies of the funding proposal, including all annexes:

- full copy for internal use of the GCF in which the confidential portions are marked accordingly, together with an explanatory note regarding the said portions and the corresponding reason for confidentiality under the accredited entity's disclosure policy, and

- redacted copy for disclosure on the GCF website.

The funding proposal can only be processed upon receipt of the two copies above, if containing confidential information.

H. ANNEXES

H.1. Mandatory annexes

☒	Annex 1	NDA no-objection letter(s) **(template provided)**
☒	Annex 2	Feasibility study - and a market study, if applicable
☒	Annex 3	Economic and/or financial analyses in spreadsheet format
☒	Annex 4	Detailed budget plan **(template provided)**
☒	Annex 5	Implementation timetable including key project/programme milestones **(template provided)**
☒	Annex 6	E&S document corresponding to the E&S category (A, B or C; or I1, I2 or I3): **(ESS disclosure form provided)** ☐ Environmental and Social Impact Assessment (ESIA) or ☐ Environmental and Social Management Plan (ESMP) or ☒ Environmental and Social Management System (ESMS) ☐ Others (please specify – e.g. Resettlement Action Plan, Resettlement Policy Framework, Indigenous People's Plan, Land Acquisition Plan, etc.)
☒	Annex 7	Summary of consultations and stakeholder engagement plan
☒	Annex 8	Gender assessment and project/programme-level action plan **(template provided)**
☒	Annex 9	Legal due diligence (regulation, taxation and insurance)
☒	Annex 10	Procurement plan **(template provided)**
☒	Annex 11	Monitoring and evaluation plan **(template provided)**
☒	Annex 12	AE fee request **(template provided)**
☐	Annex 13	Co-financing commitment letter, if applicable **(template provided)**
☒	Annex 14	Term sheet including a detailed disbursement schedule and, if applicable, repayment schedule

H.2. Other annexes as applicable

☐	Annex 15	Evidence of internal approval **(template provided)**
☐	Annex 16	Map(s) indicating the location of proposed interventions
☒	Annex 17	Multi-country project/programme information **(template provided)**
☐	Annex 18	Appraisal, due diligence or evaluation report for proposals based on up-scaling or replicating a pilot project
☐	Annex 19	Procedures for controlling procurement by third parties or executing entities undertaking projects financed by the entity
☒	Annex 20	First level AML/CFT (KYC) assessment
☒	Annex 21	Operations manual (Operations and maintenance)
☒	Annex 22	Assessment of GHG emission reductions and their monitoring and reporting (for mitigation and cross cutting projects)[13]
☒	Annex 23-26	Other references: Annex 23a Beneficiary Impact Estimation Model; Annex 23b Beneficiary Impact Estimation Methodology Annex 24 Additionality, Risk and Vulnerability Assessments; Vulnerability Assessment Framework

Annex 25 Organisational Structure (diagram)
Annex 26 TAF Manual and Budgets

** Please note that a funding proposal will be considered complete only upon receipt of all the applicable supporting documents.*

[13] Annex 22 is mandatory for mitigation and cross-cutting projects.