

Case study

Derisking ocean finance in Papua New Guinea



Unlocking capital for coral-positive businesses



Background

Papua New Guinea (PNG) is home to one of the largest coral reef systems in the world, spanning 40,000 square kilometres and supporting over 1,500 fish species and 500 coral species. These ecosystems are vital to the well-being of more than 2.5 million people living in coastal areas, who depend on reef systems for food, income, and protection from climate-related hazards.

Despite this natural wealth, over 50 percent of reefs show signs of degradation due to overfishing, unsustainable practices, and limited economic alternatives. Micro, small, and medium-sized enterprises (MSMEs), which form over 90 percent of businesses in PNG, are central to any solution. Yet they face persistent barriers to access finance, especially women-led enterprises in the informal economy and ocean-based sectors.

Additionally, conventional lenders perceive marine ventures as high risk and lack the products, knowledge, and institutional capacity to serve these emerging sectors. Loan structures often fail to match the cash flow cycles of ocean-based enterprises, and gender gaps in access to credit further limit impact.

Papua New Guinea is home to one of the largest coral reef systems in the world.





Development finance solution

One of UNCDF's goals in Papua New Guinea is to bridge the financing gap for coral-positive MSMEs while fostering a more inclusive financial system.

Working in partnership with the United Nations Development Programme (UNDP) and the Global Fund for Coral Reefs (GFCR), UNCDF aims to catalyse private sector participation in the Blue Economy, particularly among women entrepreneurs, through a combination of risk-sharing, technical assistance, and ecosystem strengthening.

This initiative supports businesses in sectors that contribute to reef protection and coastal resilience, including aquaculture, marine ecotourism, sustainable fishing, plastic recycling, and mangrove restoration. The financial mechanism is designed to shift market incentives while improving institutional readiness to support nature-positive business models.

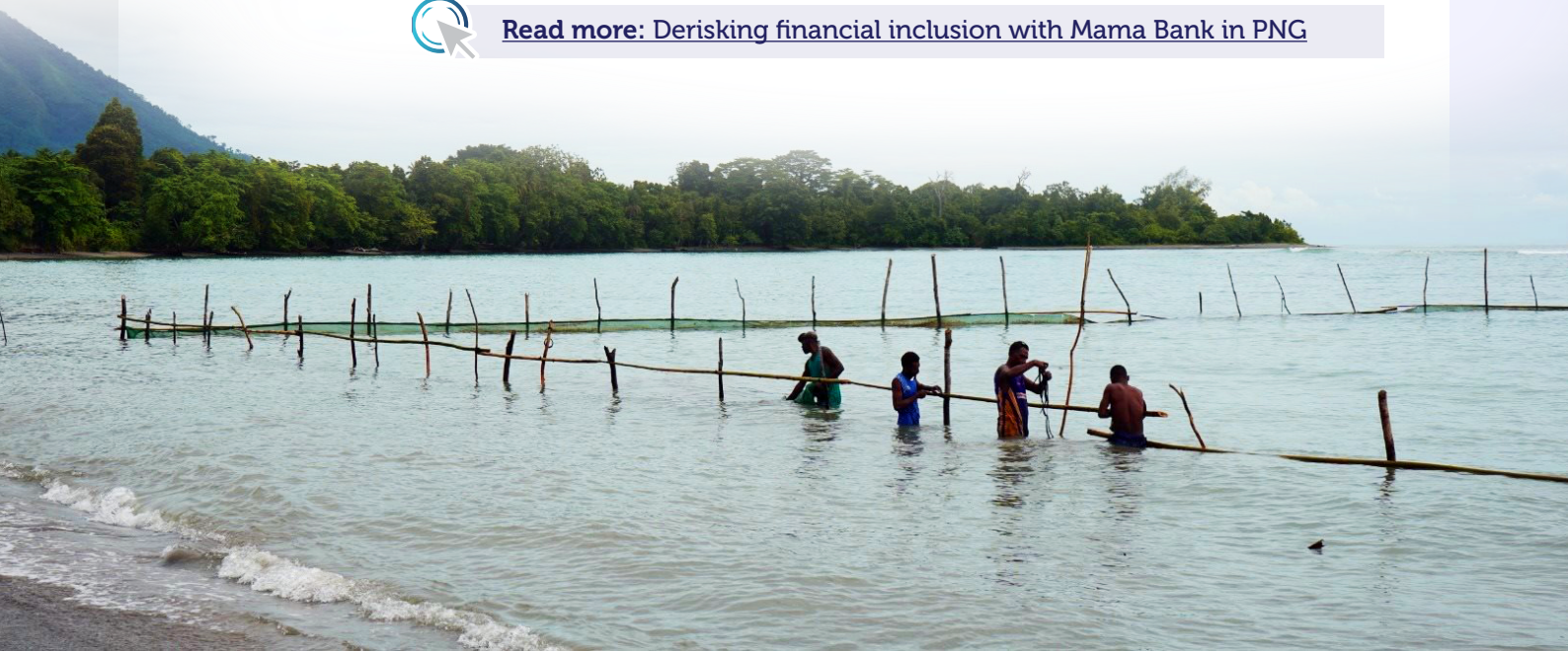
In 2025, UNCDF launched a \$1 million Blue Economy Guarantee in partnership with UNDP and GFCR, implemented through Women's Micro Bank Limited (WMBL), also known as Mama Bank. The guarantee is designed to unlock credit for eligible, sustainable ocean-based MSMEs that have historically been excluded from formal finance.

The portfolio guarantee provides 70 percent risk coverage and includes a dedicated tranche for women-owned enterprises. With this facility in place, WMBL is expected, based on current projections, to issue up to PGK 5.7 million (approximately \$1.43 million) in loans to reef-positive MSMEs operating in regions such as Kimbe Bay and Milne Bay. Over the course of the guarantee, the facility is expected to support multiple lending cycles, unlocking up to \$3.5 million in total—representing a 3.5x leverage on the \$1 million guarantee. These loans will support businesses, in particular women-led enterprises, involved in aquaculture, seaweed farming, marine tourism, cold storage, plastic recycling, and other activities that reduce pressure on reef ecosystems while advancing local economic opportunities.

In parallel, UNDP is managing a \$200,000 technical assistance facility that enables WMBL to develop gender-responsive loan products, train staff on underwriting marine MSMEs, and deliver business development services to entrepreneurs. This support ensures that the financial innovation is not only risk-tolerant, but also context-responsive and inclusive.



[Read more: Derisking financial inclusion with Mama Bank in PNG](#)





Outcome

The Papua New Guinea guarantee demonstrates how blended finance can unlock investment in the Blue Economy, particularly in Small Island Developing States.

This initiative serves as a model for replication across GFCR portfolio countries including Indonesia, Kenya, Fiji, the Philippines, and Solomon Islands proving that inclusive financial innovation can catalyse both community prosperity and environmental protection.

The Blue Economy Guarantee can change the financial landscape for marine-based MSMEs in Papua New Guinea. Enterprises considered too risky can gain access to tailored capital solutions. Women entrepreneurs, many of whom operate informally, can receive targeted outreach and financial products designed around their business realities. The loans disbursed under this facility will enable businesses to invest in assets, expand operations, and align their work with marine conservation goals.

At the ecosystem level, the initiative contributes to biodiversity protection and reef restoration by financing enterprises that reduce overfishing, cut post-harvest loss, and introduce circular models of plastic management. In coastal communities, it diversifies income streams, improving food security, and enhancing economic resilience.

Institutionally, the project continues to transform Women's Micro Bank Limited (WMBL) capabilities as a financial service provider, building on the legacy work with UNCDF dating back to 2017. With new tools, training, and confidence to serve marine MSMEs, WMBL is emerging as a national leader in inclusive Blue Economy finance. The combination of derisking instruments and capacity development has positioned the bank to scale this approach sustainably, even after the guarantee period ends.

Through the Blue Economy Guarantee, enterprises considered too risky can gain access to tailored capital solutions.



[Watch the full story](#)

At a glance

Derisking ocean finance in Papua New Guinea

Blue economy guarantee

\$1 million
UNCDF, UNDP, GFCR

Technical assistance facility

\$200,000 (USD)

Expected loan volume

PGK 5.7 million
(~\$1.43 million)

Risk coverage

70% with dedicated tranche for women-led MSMEs

Implementing partner

Women's Micro Bank Limited (Mama Bank)

Partners

UNCDF, UNDP, GFCR

Geographic focus

Kimbe Bay, Milne Bay, and coastal PNG communities

Target sectors

Aquaculture, marine tourism, seaweed farming, plastic recycling, cold chains, mangrove restoration

Timeline

2017–2034
(legacy + current facility)

About

UN Capital Development Fund

United Nations Capital Development Fund (UNCDF) mobilizes and catalyses an increase in capital flows for impactful investments in high-risk markets, especially in Least Developed Countries, Small Island Developing States and countries in special situations. By crowding in capital through the deployment of risk-absorbing financial instruments, mechanisms and structuring advisory, UNCDF contributes to job creation, sustained economic growth and equitable prosperity in more than 70 countries.

In partnership with UN entities and development partners, UNCDF operates with speed and agility to deliver scalable, blended finance solutions to drive systemic change and pave the way for commercial finance and scale up by development finance institutions and multilateral development banks.

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