

# Blue Belt Programme Roundtable:

## Sustainable Financing Mechanisms for Marine Protection and Management

July 2022

### Blue Belt Programme

*Enhancing marine protection and management across over four million square kilometres of marine environment in the UK Overseas Territories.*



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- UK Overseas Territory Representatives from the Ascension Island Government, St Helena Government and Tristan da Cunha Government, Government of South Georgia and South Sandwich Islands.
- Expert Panellists: Angelique Pouponneau, Guillaume Le Port, Gail Hurley and Melissa Garvey
- Supporting organisations, including the Royal Society for the Protection of Birds (RSPB), Department for Environment, Food and Rural Affairs (Defra), Joint Nature Conservation Committee (JNCC), Foreign, Commonwealth & Development Office (FCDO), Centre for Environment, Fisheries and Aquaculture Science (Cefas) and Marine Management Organisation (MMO)

**The information contained in this report represents the contributions and recommendations of the expert panel and workshop participants and does not necessarily represent the views or recommendations of the Blue Belt Programme.**

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# 1 Summary

On 15<sup>th</sup> February 2022, international experts, representatives from UK Overseas Territories (OTs) involved in the Blue Belt Programme<sup>1</sup> (Blue Belt OTs or BBOTs) and partner organisations took part in a roundtable discussion on Sustainable Financing Mechanisms for Marine Protection and Management. Facilitated by the Blue Belt Programme, the roundtable was an opportunity to learn about sustainable finance, and explore and discuss the wide range of financial mechanisms currently in use that could be utilised to effectively manage and protect our oceans in the BBOTs. It also provided a platform to understand the opportunities, risks and challenges that BBOTs are currently experiencing in terms of resourcing for Marine Protected Area (MPA) management and associated activities.

International experts presented experience and learning from around the world including the Seychelles, UK Overseas Territories, Bonaire, and Morocco.

MPA managers, policy makers and scientists representing Ascension Island, St Helena, Tristan da Cunha, South Georgia and the South Sandwich Islands, the UK government's Department for Environment, Food and Rural Affairs (Defra), the Joint Nature Conservation Committee (JNCC), the Centre for Environment, Fisheries and Aquaculture Science (Cefas), the Marine Management Organisation (MMO), and the Royal Society for the Protection of Birds (RSPB) took part in the discussion and shared their expertise and experience.

The BBOTs have made significant progress in strengthening the sustainable management and conservation of their oceans, designating vast MPAs and developing active marine management plans. The BBOTs are unique in so far as they do not automatically meet the criteria for certain funding streams, instead relying predominantly on UK government and Non-Governmental Organisation support. Public and philanthropic funding revenues are integral to resource management and conservation activities, and contribute significantly to the financial resilience of the BBOTs. Such funding, however, funding can be prescriptive and tends to be short term, which can limit opportunities and long-term planning. It is therefore critical that the BBOTs are aware of and able to access appropriate and long-term funding and finance opportunities to ensure continued effective MPA management.

The aims of the sustainable finance roundtable were to acknowledge these limitations, share expert knowledge and experience, and work with the BBOTs to cultivate an understanding of the additional funding and finance options available to them. A common theme throughout discussions was the diversity of needs across the BBOTs.

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<sup>1</sup> BBOTs from here on

Various innovative and sustainable financing mechanisms are available, but a suite of options, rather than a single solution, is often necessary to achieve the needs and objectives of each unique BBOT.

This report presents the proceedings of the roundtable which took place on 15<sup>th</sup> February 2022. It shares presentations and recommendations<sup>2</sup> by the panel of experts, summarises the discussion between participants and expert panellists, and provides a list of resources. The Blue Belt Programme would like to thank the BBOTs and partners for contributing their views and experiences to the discussion, and express gratitude to the expert panel for sharing their expertise and learning with all involved.

## 2 Key messages

The Blue Belt Programme was honoured to host international experts and representatives from the BBOTs at the roundtable. During their presentations and subsequent discussion, the expert panellists and BBOT representatives shared these key messages:

- There is a significant financing gap for ocean impact globally which is estimated to be \$700 billion annually.
- Innovative finance options exist, and new funds, facilities and partnerships are developing.
- When it comes to sustainable financing mechanisms, there is no silver bullet; a diverse portfolio of financial approaches is needed ('buffet of options'), especially for financial resilience when situations change.
- Investment in capacity early on is critical (to develop new mechanisms and access funds), alongside feasibility testing and project development.
- Costing and financial planning for long term MPA management is crucial – and a simple step.
- New, innovative finance can be a long journey, but first steps can be taken, and the global 'MPA/ocean finance' community continues to learn and grow rapidly.
- Combining several projects into one initiative can help reduce investor risk exposure and make for an attractive investment opportunity.
- Having dedicated support and expertise would help each BBOT to identify their individual needs further and understand what opportunities are available.
- Collaboration can be a really important tool and offer significant opportunities for the BBOTs.

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<sup>2</sup> The information contained in this report represents the contributions and recommendations of the expert panel and workshop participants and does not necessarily represent the views or recommendations of the Blue Belt Programme.

**EXPERT PANEL  
PRESENTATIONS**



### 3 Introduction

*The roundtable began with an introduction by the Blue Belt Programme's Senior Integrated Marine Manager, Marianne Teoh, who provided global and BBOT context of the financing gap for effective Marine Protected Area (MPA) management, and overview of preliminary sustainable finance work that has been carried out between the BBOTs and the Blue Belt programme.*

A key challenge recognised globally is the significant financing gap for effective MPA management (Sumaila et al 2021; Binet et al 2015; Gill et al 2016). As a result of increased awareness and opportunity, there has been a growing interest in the area of 'sustainable ocean economy'. Private capital flows are increasing, and governments and NGOs are making the most of the momentum by mobilising sustainable finance for our oceans. Global and regional funds, facilities and partnerships are developing, such as the Global Fund for Coral Reefs, Mirova's Sustainable Ocean Fund, and partnerships like the Ocean Risk and Resilience Action Alliance (ORRAA), to help mobilise new and additional finance for ocean protection. Significant opportunity lies in 'triple-win approaches' that support people, biodiversity and climate, and opportunity also lies in integrated coastal approaches that work across land and seascapes, especially for islands. There is also clear UK government ambition and commitment to 'blue finance' and 'supporting new financing mechanisms' for sustainable ocean economies.

For the purposes of this roundtable discussion, the term *sustainable finance* is used to represent '**Long term, resilient financial flows that sustain activities and resource needs over time**'<sup>3</sup>. Globally, a range of sustainable financing mechanisms are being developed to direct funding towards effective marine management. These can include mechanisms that use debt-based, repayable models to encourage growth, fee-based models, philanthropic models, and the combination of public, private and philanthropic monies.

In 2021, Finance Earth and the Blue Belt Programme conducted a scoping exercise<sup>4</sup> to categorise and identify potential opportunities for bringing new sources of funding and finance into the BBOTs for long-term sustainable marine management. The exercise identified revenue models, opportunities and pathways that may attract private finance to BBOT MPAs, including:

- Products and services that can be sold to generate income (e.g., fisheries, product sales, virtual tourism).

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<sup>3</sup> There are multiple ways that 'sustainable finance' can be viewed and defined.

<sup>5</sup> Finance Earth (2021) Sustainable Finance for the Blue Belt Overseas Territories. Report prepared for the Blue Belt Programme and participating Blue Belt OTs, May 2021.

- Enabling infrastructure to drive additional value for BBOTs (e.g., renewable energy, vessels, scientific research and technology development (e.g., scientific hubs, fees, tech development and licensing)).

The exercise highlighted that significant benefits could be realised through cross-OT collaboration and proposed that a collaborative cross-OT financial mechanism (such as a fund, or trust) could enhance outcomes. Such a mechanism would act as a shared investment vehicle with project aggregation opportunities across BBOTs to encourage new additional investment (i.e., bringing together multiple small projects to make them more attractive to investors). It could also act as a management facility for administering funds, designed with inherent BBOT governance and agency decision making and a dividend for funding MPA management.

## 4 Roundtable aims and objectives

*The Blue Belt Programme's Senior Integrated Marine Manager, Marianne Teoh, then provided a brief overview of the context and objectives for the roundtable event.*

The aims and objectives of the roundtable were to:

- **Share strategies, experiences and learning** on how marine protection and sustainable marine management can be funded and financed in the long- and short-term and medium-term steps that can be taken.
- **Explore and discuss mechanisms for attracting private investment** into ocean protection and recovery, as well as investment synergies between marine protection and island development goals.
- **Promote discussion** on the opportunities, risks and challenges that BBOTs are currently experiencing for resourcing MPA management and associated activities. Identify next steps if possible.
- **Share resources, connections and networks** that can support long-term funding and ocean finance for BBOTs managers.

The roundtable was also an opportunity for the Blue Belt Programme and other organisations to learn and explore how partner organisations might support each BBOTs' long-term financial resilience for marine protection and management.

## 5 Context from UK Overseas Territories

*Representatives from three BBOTs spoke about their islands, their experience of accessing funding and what that funding has enabled.*

**Diane Baum (Director of Conservation and Fisheries), Ascension Island Government** introduced Ascension Island, highlighting that the island is very small and options to diversify the economy are limited due to its military status. It has not been confirmed whether civilian visitors will be allowed to visit in the next few years which makes financial planning very difficult. The island requires around £200k/ year to run its MPA, and currently this funding mainly comes from the Blue Belt Programme with a small amount coming from the Ascension Island Government itself. There are concerns around what would happen to funding if UK government priorities changed. The island does also have some private partners (NGOs and philanthropists); however, it was noted that such money from NGOs can have a limited scope based on the NGO's objectives. Therefore, Ascension would like to focus on securing sources of funding without the imposition of such restrictions. In terms of the Finance Earth report, promoting Ascension Island as a scientific hub was highlighted as promising; however, it would require significant up-front investment, and access to the island is dependent on military use which could be problematic.

**Elizabeth Clingham – Blue Belt Co-Ordinator, St Helena Government** gave a presentation on the ongoing construction of the St Helena Marine Laboratory. The construction encompasses a laboratory, several offices and a visitors' centre within the same building. The hope for the new infrastructure is that it will generate new revenue streams and provide a sustainable funding stream to support MPA management through collaborative working with academic and research institutions. Construction of the centre is almost complete with completion expected in Spring 2022; delays are due to the complexity of getting materials to the Island.

**Fiona Kilpatrick – Joint administrator of the Tristan da Cunha Government** gave a brief introduction to the Tristan da Cunha Marine Protection Zone (MPZ) which, at 700,000 square kilometres, is the largest MPZ in the South Atlantic. Their challenges relate to the geographical isolation of the island and lack of operational infrastructure (i.e., boats). Fiona spoke about the interests, ideas and opportunities for Tristan da Cunha including resources that need to be identified and put in place to be able to access funding (e.g., a fund raiser), funding that benefits the community and also how different funding sources can be aggregated to liberate additional funding streams. The key focus going forward is to identify the Unique Selling Point (USP) of the Island and define how Tristan is different to other BBOTs, how funders' interest in Tristan da Cunha can be maintained, and how coalitions and networks can be established and maintained.

## 6 Expert panel presentations

### 6.1 Angelique Pouponneau: Lessons from the Seychelles



*Section 6.1 summarises the presentation given by Angelique Pouponneau, Policy Adviser to the Chair of the Alliance of Small Island States. Angelique drew on her experience of financing MPAs and sustainable development in the Seychelles, highlighting lessons learned and demonstrating links to wider socioeconomic benefits.*

#### 6.1.1 Context

The Seychelles has used two blended finance mechanisms to support the financing of MPAs and marine spatial planning since 2015. This involved a debt restructure, which was based on a policy commitment to safeguard 30% of the Seychelles Exclusive Economic Zone (EEZ) and the issuance of a Sovereign Blue Bond committed to supporting sustainable fisheries. Qualifying projects can apply for funding from the following mechanisms:

[Blue Grants Fund](#) - A grant-making facility managed by [Seychelles Conservation and Climate Adaptation Trust \(SeyCCAT\)](#) and capitalised by proceeds from the Debt-for-Nature-Swap and sovereign blue bond. This facility offers \$700k in grants per year to Seychellois-led projects that advance marine conservation, sustainable fisheries, development of new and existing MPAs, and select other blue sectors.

[Blue Investment Fund](#) - A loan scheme managed by the Development Bank of Seychelles and capitalised with proceeds from the Sovereign Blue Bond. It offers up to US\$3 million to private sector businesses to support the expansion of sustainable fisheries.

#### 6.1.2 Progress so far

Progress made to date includes:

- SeyCCAT has seen a portfolio of 45 projects and has disbursed \$1.8 million so far.
- The Blue Grants Fund has facilitated the training of 236 people. This has included funding of further education for young women and marine research.

- There has been funding towards marine biodiversity assessments and understanding the health of International Union for Conservation of Nature (IUCN) red-listed endangered species, which has helped to bridge the knowledge gap.
- All information feeds into the marine spatial planning process to inform how the Seychelles EEZ will be effectively planned.

### 6.1.3 Lessons learned from the Seychelles

Lessons learned from the Seychelles case study were:

- Having money *available* does not necessarily mean that it is *accessible* due to the often-rigorous nature of the process. To make the money more accessible, for example SeyCCAT removed a language barrier, ensuring that all documents were translated into Creole and allowed applicants to apply in Creole.
- Due to a lack of capacity it may take time for monies to be released to the appropriate recipients. There should be investment in capacity early on whilst such deals are negotiated.
- Education and awareness are essential to facilitate transitioning a community towards understanding how to implement sustainable blue projects.
- It is important that the administrator (of the funds) is involved. The most recent partnership SeyCCAT engaged with involved direct support to SeyCCAT, including a partners and fundraising manager and USD \$500,000 to attract more funding and a business plan.
- The debt restructure and blue bond alone are insufficient to bridge the financing gap for financing marine protection. Many options are needed and there is no single option that is a silver bullet. SeyCCAT is also exploring blue carbon financing following the mapping of the extent of seagrass meadows in the Seychelles EEZ.
- When looking at the disbursement of funds through a trust fund like SeyCCAT it is important to assess and estimate the actual costs required and carry out a cost analysis of MPA commitments ahead of time and have a clear action plan.
- Blue Investment Fund - Bank loans come with a lot of red tape and bankers are not accustomed to selling sustainability products, resulting in delays to the process.

## 6.2 Gail Hurley: An introduction to sustainable finance and blending public and private finance



Section 6.2 summarises the presentation given by Gail Hurley, Director of Advisory at Finance Earth. Gail provided an introduction to delivering sustainable finance and blended approaches, as well as an overview of some different mechanisms available to support marine conservation.

### 6.2.1 Why is investment needed?

It is estimated that \$700 billion is required each year to successfully protect ecosystems worldwide and this cannot be covered by public finance budgets alone. Private investment is therefore needed to bridge the funding gap and ensure effective conservation of ecosystems globally.

### 6.2.2 A blended investment approach

The blended investment model (Figure 1) involves aggregating or combining multiple projects into a single investment facility which, operating alongside a grant facility, provides ongoing support for project development. The main advantage of the proposed model is that it spreads investment risk across multiple projects to make them more attractive for investors and allows for a single governance structure to be established across all projects. This model was proposed for further consideration within the BBOTs.

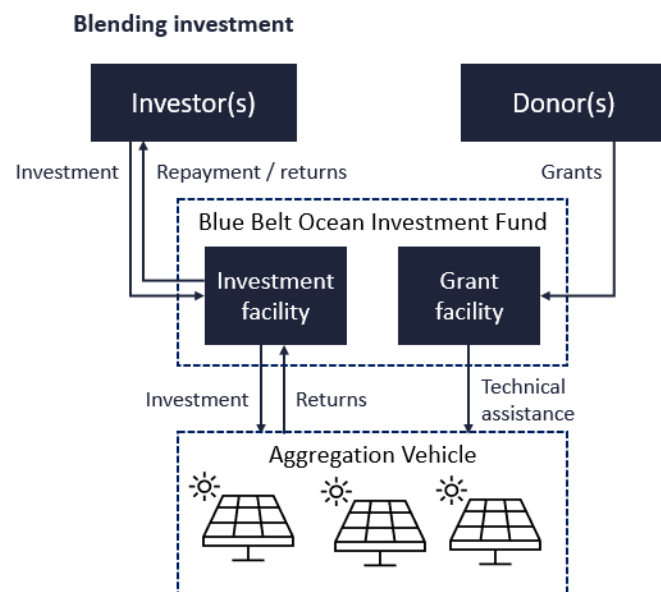


Figure 1 A blended investment model

### 6.2.3 Blue carbon

Marine or 'Blue' ecosystems such as mangrove forests, seagrass beds and salt marshes play a key role in carbon sequestration and storage, and are responsible for over 50% of all carbon capture. These ecosystems are, however, being degraded at an alarming rate and are disappearing 5-10 times faster than rainforests.



The overall global carbon market in 2021 was £6.7 billion; this predominantly terrestrial market is projected to reach £50 billion by 2030. It is likely that this is being driven by the race to fulfil commitments made by banks and corporate entities at COP26 to reach net zero by 2030. Despite its potential, the market for blue carbon is less well-developed than the market for terrestrial carbon projects.

Reasons for this include:

- Existing methods of measuring and monitoring examples of carbon offsetting projects have been historically focussed on terrestrial ecosystems.
- Carbon-specific legislation is still in its infancy and not always fully inclusive of coastal ecosystems.
- Carbon accounting frameworks need to be modified to facilitate the widespread uptake of blue carbon.
- Long lag times between initial investment and sale of credit.
- Lack of scientific consensus around some marine ecosystems (e.g., seagrass).
- High fixed costs (e.g., verification) make small projects unviable.
- Carbon credit prices are uncertain.
- There are gaps in technical expertise.

#### **6.2.4 Blue Carbon Accelerator**

The Blue Carbon Accelerator is an initiative which aims to overcome some of the challenges highlighted above and will hopefully unlock over £100million for blue carbon projects around the world.

This funding mechanism will combine projects that are more advanced with those that are less well-developed to try to mobilise financing across the full spectrum of projects, whilst also creating an attractive investment opportunity for investors by spreading risk across the different types of projects. Investors will provide up front financing for the projects but are also guaranteed blue carbon credits at a specified price.

This work is currently focusing on mangroves specifically; however, more research is being undertaken into seagrass meadows, saltmarshes, and seaweeds, which will hopefully grow over the next few years.

#### **6.2.5 Investment at different stages of project development**

Many projects do have the potential to generate return and attract private finance but need much more support to become investment ready. Finance Earth look at how different sources of finance can be used, engage with different finance providers (philanthropies, aid partners or commercial investors) and identify how to engage with each of them at various stages of the project and the investment cycle.

Not all projects will follow the same trajectory or path; however, the general path is highlighted by the orange line in Figure 2. At early stages of a project there are unknowns regarding the ability to generate cash flows and the project will generally spend more than it generates. This is where continued philanthropic and grant funding is important. As the business grows, there will hopefully come a point where more money will be generated than spent and confidence in cash flows continues to increase. This is when impact-first investors and responsible investors are engaged with, and finally commercial investors who provide financing to the projects.

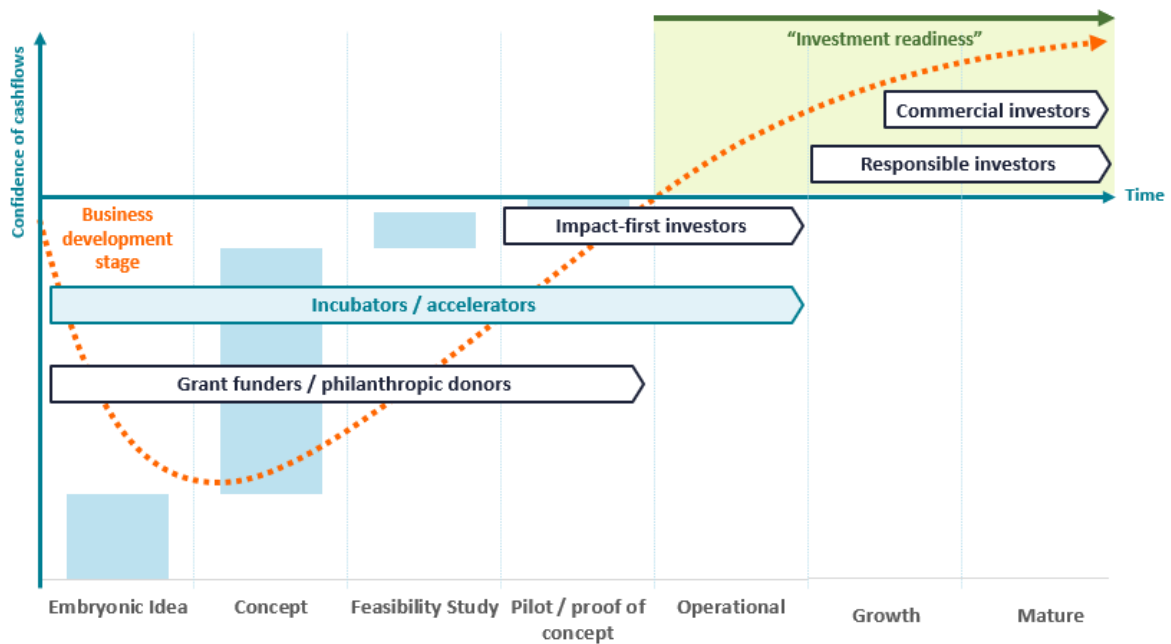


Figure 2 Blended finance approach to funding

## 6.2.6 Incubator programme

An incubator programme focuses on providing support with capacity building to develop enterprise development skills, supporting with the development of business cases, investment support and helping with accessing early-stage seed funding to implement pilot projects. The goal is to help projects get to the investment-ready stage where they are able to access finance from a range of sources. An incubator programme can help projects not only secure financing on an individual basis but can also provide an opportunity to aggregate projects that are investment-ready and can be sold to market. This is likely to be an attractive proposition for smaller countries and projects. Finance Earth has been working with the World Wildlife Fund (WWF) in the southwest Indian Ocean to look at developing an incubator for marine enterprises in that region.



### **6.2.7 Example: Bermuda's Blue Financing Facility**

Finance Earth is working in partnership with the Waitt Institute to develop a blue financing and investment facility in Bermuda targeting fisheries, renewables, tourism, and sustainable marine transportation. The project is in the design stage and discussions are taking place with the government and other partners. It will include an element of business incubation and investment readiness support combined with an investment facility which will aggregate smaller projects into single investment opportunity for private sector.

### **6.2.8 Take home messages**

- There are many challenges associated with sustainable financing mechanisms. The knowledge base is growing, however, and people have more experience in doing this, lowering transaction costs, building replicable models, and absorbing lessons learned.
- There is a growing body of professionals across the non-profit sector and finance sector who are experienced in supporting this type of work.
- There is growing interest within the wider financial sector to invest in nature-based solutions, and a need to work with them to understand their requirements and help develop financing structures that meet the needs of the community and private sector.

## 6.3 Guillaume Le Port: Sustainable financing for marine protected areas



Section 6.3 summarises a presentation given by Guillaume Le Port, MPA/NTZ Project Co-ordinator with Blue Seeds who specialises in environmental economics and conservation finance. Guillaume focused on the funding gap for global biodiversity and how MPAs can become more effective at diversifying sources of revenue.

### 6.3.1 Context

Blue Seeds is a multidisciplinary team primarily focused on implementing financial strategies for marine conservation. They work to connect different financial stakeholders with marine conservation projects across the globe, develop locally-based funding and give marine conservation and financing more impact by working directly with MPA managers throughout funding projects. They work with MPA managers to plan and develop planning and financing strategies and act as intermediaries connecting marine conservationists with the economic world.

### 6.3.2 Links between effectiveness of MPAs and financing

There is a strong relationship between staff and budget capacity and MPA effectiveness (**Error! Reference source not found.**).

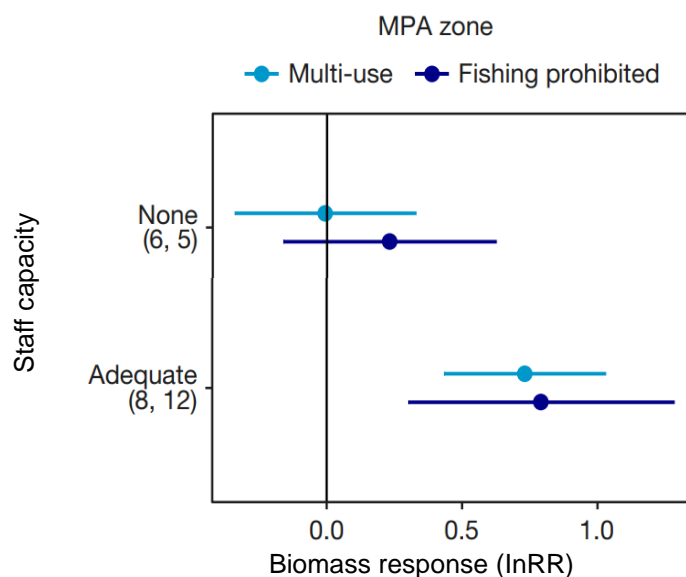


Figure 3 Mean fish biomass response ratios (lnRR; dot) and 95% confidence interval (error bars) for multi-use areas (light blue) and areas where fishing is prohibited (dark blue) by reported staff capacity. Values on the y axis indicate the number of MPAs that are multi-use and those where fishing is prohibited, respectively (Gill et al. 2017, Nature).

### 6.3.3 Financing the gap

The funding gap for global biodiversity is estimated at \$700 billion per year.

When considering MPA effectiveness and MPA impact and marine conservation, there are many parameters to take into account:

- Governance and political will
- Stakeholders
- Funding for dedicated staff time and implementation of conservation management

Business planning and finance strategies are imperative to the success of the MPA and a key means to avoiding a paper park scenario.

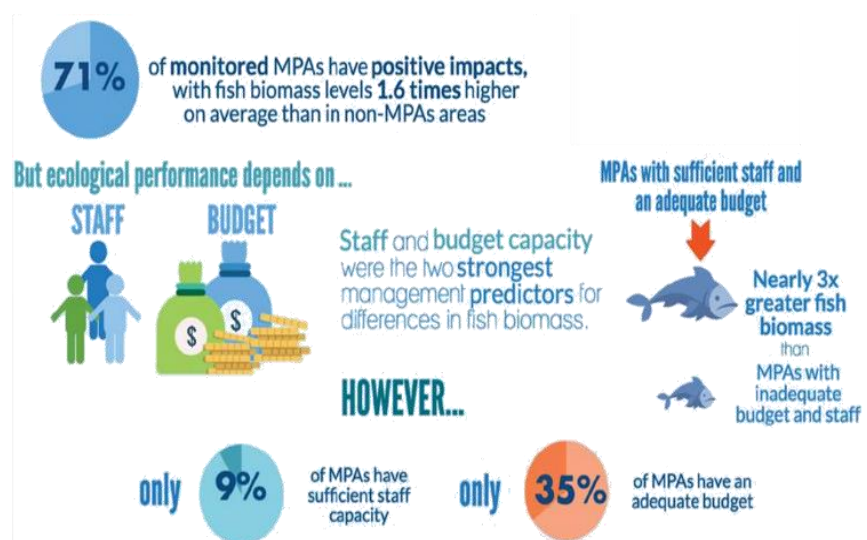


Figure 4 Business planning and finance strategies

### 6.3.4 How to make MPAs more effective

The first step is the identification of needs. Blue Seeds draw on experience from other projects from around the world to help MPA managers identify the needs the MPA at an early stage.

- **Tools and skills** – identification of needs, a finance and budget plan to fulfil these needs and the ability to lobby for these funds
- **Network of donors and funders** – Identify potential donors, have a clear vision of the state of the finance opportunities and the donors' expectations.
- **Capacity building** – Avoid expensive consultant fees, upskilling and development for the MPA manager is a key element to developing robust long-term financing.

### 6.3.5 Tools and skills

There is no one magical solution when it comes to financing MPAs. A whole suite of approaches is needed to draw on funds that will allow for effective management and resilience going forward. Blue Seeds have developed a financial mechanism guide to direct applicants through the process of financing an MPA<sup>5</sup>. This free access tool advises on the need for an initial 3–5-year business plan to help MPA managers future proof any finance gaps and leads on to the first steps to additional funding. This will enable MPA managers to optimise the funding opportunities available and increase their capacity for fundraising.

### 6.3.6 Practical solutions

A suite of small-scale solutions that are bespoke to the specific MPA can be more effective at generating income in the long-term than one large solution or flagship project. User-fee implementation has been successful in MPAs in the Mediterranean through levied funds. Tourism, scientific research and fishing are sources that can provide routine income to the MPA.

### 6.3.7 Case study: Bonaire National Marine Park (NMP)

In Bonaire, 80-90% of all funding into Bonaire NMP is generated through user fees with only 10-20% coming from grants. This allows for general expenses such as staff salaries, boats/fuel, enforcement and education to be consistently funded.

### 6.3.8 Case study: Revolving funds for small-scale fisheries

The revolving funds approach is being trialled in the Al Hoceima National Park in Morocco. Initial capital is awarded to a local association partnering with a local financial institution (\$50k); and this initial capital is then invested into the local inshore fishing fleet to update and upgrade to more sustainable gear types. The initial investment is paid back in full over time and is then made available for re-investment in other individuals.

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***“Conservation without funding is just a conversation”- Ian Player, South African conservationist***

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<sup>5</sup> <https://bluseeds.org/en/guide-financing-mechanisms/>

## 6.4 Melissa Garvey: Turning the tide - innovative ideas to protect our oceans



*Section 6.4 summaries the presentation given by Melissa Garvey, Global Director of Ocean Protection, The Nature Conservancy. Melissa gave an introduction to key financing mechanisms and covered various case studies.*

### 6.4.1 Introduction to The Nature Conservancy

The Nature Conservancy (TNC) is the world's largest conservation organisation, working across the globe in 72 different countries. TNC is a science driven organisation with 10% of staff being scientists, but they also work with business and finance, governments, and political sectors.

TNC works both at a large scale with countries to ensure financing needs are met to achieve 30% MPA coverage and long-term success of effective management, and at a small scale to recognise the needs and drivers for critical ecosystems, coral reefs and coastal wetlands. In addition, they work with communities to ensure they have the capacity they need to tap into financial resources to achieve a long-term successful MPA.

### 6.4.2 Funding

The greatest blocker to global conservation and protection is funding. These blockers are primarily due to coastal communities facing the same issues including exacerbation of climate change and human activities within the MPA.

Increased storm events and the pressure to rebuild coastal communities and infrastructure damaged during these events puts extra pressure on governments and coastal communities. TNC is looking at how opportunities can be maximised in these scenarios by looking at a portfolio of opportunities to alleviate financial challenges.

The global biodiversity funding gap has identified a \$700 billion deficit for biodiversity worldwide. A report by the TNC analysed this funding gap to include only marine habitats and the cost involved to deliver 30% MPAs in each country worldwide. In order to effectively protect and manage MPAs it is crucial to better understand the financing blockers and opportunities for each country through ecosystem services.

### **6.4.3 Key financing mechanisms: blue bonds**

TNC have developed blue bonds as an ocean conservation strategy, transforming debt into conservation action. This strategy works with governments to deliver the vision of 30% MPA coverage through debt restructuring mechanisms. The next steps are to work with stakeholders to plan and design effective MPAs and create a structure for funds to flow through (e.g., Trust Funds, Conservation Funds).

### **6.4.4 Case study: Blue bonds Belize**

In November 2022, TNC restructured \$550 million of debt and generated \$180 million for conservation long-term. This was achieved through buying debt and restructuring it to create a more sustainable financial outlook.

### **6.4.5 Case study: Blue carbon resilient credits**

Coastal wetlands pose a huge opportunity to coastal communities for protection against coastal storms. TNC are working to quantify the value of this natural asset. Additional support from philanthropic grants is helping to quantify this and progress blue carbon credits as a concept for the future.

### **6.4.6 Case study: Reef and mangrove insurance**

Climate change continues to influence and affect coastal ecosystems in a detrimental way. To ensure these impacts are mitigated, it is important to invest in restoring and enhancing coastal assets. When storm events damage coastal habitats (e.g., reefs, mangroves, wetlands), it is imperative they are restored to ensure coastal protection benefits in the future.

Coral reefs can reduce wave strength by up to 97%. Reef insurance developed by TNC insures coral reefs against damage; when damage occurs, TNC's reef insurance then pays to restore them. TNC have developed a citizen science programme called 'first responder reef champions' who actively restore the reef after storm events, which allows the continued protection of people and property.

# **ROUNDTABLE DISCUSSION**

*Contributions by Participants  
and Expert Panel*

## 7 Roundtable discussion

*Following the expert panel presentations, a roundtable discussion was held to share ideas. The Blue Belt Programme's Senior Integrated Marine Managers, Dr Emily Hardman and Marianne Teoh, provided a brief introduction to the discussion.*

Financial planning is a critical first step in the effective protection and management of MPAs. A key barrier to effective MPA management is access to reliable funding streams for the provision of operational assets (i.e., boats/fuel/staffing).

Discussion with representatives from the BBOTs have identified a need to collaborate and share information on effectively accessing these funding streams. This will enable diversification away from short-term project led funding and philanthropic funding, and will facilitate access to a suite of funding opportunities that can bring both project and operational funding forward.

To inform discussion, participants were asked to share their thoughts and experiences of how long-term funding opportunities could be accessed.

### 7.1 Group brainstorming activity

Participants were asked to add post-it notes to answer the following questions:

- *How can financial resilience for BBOT MPAs be strengthened?*
- *What new financing mechanisms could be explored?*

Participant responses are shown in Figure 5 and summarised in Table 1 below.



# How can financial resilience for OT MPAs be strengthened? What new financing mechanisms could be explored?

## Ideas, approaches, examples



## Opportunities for OTs



## Challenges, barriers, gaps



## Potential actions



Figure 5 Roundtable participants' responses

*Table 1: Summary of participant responses: How can financial resilience for OT MPAs be strengthened? What new financing mechanisms could be explored?*

<b>Category</b>	<b>Ideas, Approaches, Opportunities for BBOTs</b>	<b>Challenges, Barriers, Gaps</b>	<b>Potential Actions</b>
<i>Financing mechanisms</i>	<ul style="list-style-type: none"> <li>• Bermuda blue economy project aggregation and incubation programme (BOPP)</li> <li>• Incubators to foster conservation solutions development at local level</li> <li>• Trial of a small, blended fund (appreciate multiple steps to achieve this!)</li> <li>• Seychelles trust fund</li> <li>• invest in capacity - to manage and access funds</li> <li>• Blue bonds e.g. Belize, Seychelles</li> <li>• Reef and mangrove insurance</li> <li>• TNC reef or mangrove parametric insurance: possibilities to develop same approach for other marine ecosystems?</li> <li>• Investigate private investment options to e.g., research centres - feasible?</li> <li>• Revolving funds for small-scale fisheries</li> </ul>	<ul style="list-style-type: none"> <li>• Competition for limited finance</li> <li>• OTs can't access IFMs in many cases, and may not have the structures to go into, and maintain, debt. That would be a big step - how could we get island people on board?</li> <li>• top-down vs bottom-up approaches</li> <li>• Scale of investment required</li> <li>• Creativity needed to address unique contexts</li> </ul>	<ul style="list-style-type: none"> <li>• How to use these approaches to make island economies more resilient to shocks such as C-19 (i.e., drops in visitors) - i.e., building back better</li> <li>• Feasibility testing for island priorities</li> <li>• Provide feedback to the finance sector themselves on what is working and why. Not just a top-down approach</li> <li>• Invest in capacity - to manage and access funds</li> </ul>
<i>Income generation</i>	<ul style="list-style-type: none"> <li>• Sponsor an MPA e.g., 1 km sq</li> <li>• Name a whale shark for a fee</li> <li>• Research and science fee</li> <li>• Entry tax</li> <li>• Use of lab bench fees to support marine research and science within the MPAs</li> <li>• Mooring fees / apps, visitor fees</li> <li>• Bonaire visitor fee model</li> <li>• Real potential for scientific fees</li> <li>• Intern scheme</li> <li>• Costing analysis, actions plan, financial plans, business plans</li> </ul>	<ul style="list-style-type: none"> <li>• Agreement amongst community on priority investment areas.</li> <li>• Funding monitoring activities and operational costs</li> <li>• Resource to deliver</li> <li>• Sovereignty issues - would financing organisations be willing to assist disputed territories?</li> </ul>	<ul style="list-style-type: none"> <li>• BB Programme level remit prevents us from working effectively on cross-topic issues (like renewable energy, vessel infrastructure etc.)</li> <li>• Feasibility testing for island priorities</li> </ul>

<p><i>Education and collaboration</i></p>	<ul style="list-style-type: none"> <li>• Education - raising aspirations, and developing core scientific skills e.g., data collection and analysis, monitoring, evaluation etc - get started early on the capacity building.</li> <li>• Share resources and connections and expertise</li> <li>• Capacity building in key sectors likely to drive positive environmental change</li> </ul>	<ul style="list-style-type: none"> <li>• What are OT needs in terms of capacity building (if any)?</li> </ul>	<ul style="list-style-type: none"> <li>• Global outreach to markets wanting to sell our OT protection story</li> <li>• Collaborative approach to support OT cross-sector, biodiversity, social, climate projects</li> <li>• Premium products to high end marks - making the connections and developing the stories</li> <li>• Dedicated support for each OT to home in on their needs, and scan for opportunities, take action</li> </ul>
<p><i>Blue carbon, fisheries and other approaches</i></p>	<ul style="list-style-type: none"> <li>• How to unlock blue carbon for OTs (and other islands) who do not possess traditional blue carbon. Many initiatives in early stages - be good to scope and collaborate</li> <li>• Blue carbon approach can be linked to the "sponsor a whale" program: <a href="https://www.climateforesight.eu/oceans/whales-carbon-sequestration/">https://www.climateforesight.eu/oceans/whales-carbon-sequestration/</a></li> <li>• Blue Impact Fund (UK) and blue carbon accelerator</li> <li>• Blue carbon *resilience* credits</li> <li>• Kelp added to the Blue Carbon credit discussions Kelp is an abundant ecosystem for some OTs. Would be good to look at the multiple benefits and funding opportunities for this</li> <li>• Certification to promote sustainable fisheries - MSC or equivalent.</li> <li>• Opportunity to deploy high tech monitoring with low staff input</li> <li>• Revolving funds for small-scale fisheries</li> </ul>	<ul style="list-style-type: none"> <li>• Scientific credibility of Blue Carbon being questioned.</li> <li>• Issues of Blue Carbon and ability to create funds from this</li> <li>• The relevance of blue carbon credits in pristine and protected environments is one that really needs consideration as mentioned in earlier chat</li> <li>• Finding markets that want to buy into resources harvested from marine environment - top dollar for top protection.</li> </ul>	<ul style="list-style-type: none"> <li>• Need platform or continuity to keep conversation going, turn wide-ranging discussion into action</li> <li>• BBP support network/hub for OTs</li> </ul>

## 7.2 Blended finance

In response to a question on how useful a blend of private and philanthropic funding can be to MPA managers, an expert panellist shared that there is recognition from the financial sector of a capital mismatch when it comes to financing conservation and biodiversity. Funds are available in the latter stages of a project through equity finance when business models have been proven and risk-return is better established. Many projects need early-stage support, so philanthropy often plays a role in the early stages of project development, and blended finance plays a key role in adjusting the risk return of an investment. Philanthropic funds can be used as first-loss capital in the event of a project loss; in this case the donor will bear the loss rather than the private investors. Philanthropic financing was seen in the early stages of financing for renewables, and we now need to see this applied to nature-based solutions.

It is also clear that the guidance to the financial sector should be clearer, with better signposting and incentives to encourage environmentally sustainable investments i.e., subsidy reduction for investments resulting in environmentally damaging outcomes. The Blue Finance initiative is working on this guidance and is hoping for it to become mainstream guidance. Finally, non-profit organisations are in a strong position to bring together public and philanthropic funding whilst generating interest from the public sector proving that 'risky' cases, such as reef insurance, do work in the mainstream.

## 7.3 MPA financing mechanisms

A South Georgia and the South Sandwich Island (SGSSI) representative spoke about the income- and revenue-generating activities in place in SGSSI. The primary source of income for the MPA is generated through the sustainable toothfish fishery, with 70% of the MPA income derived from the sale of fishing licences. This long-term sustainable financing is then used to fund staff time and operational infrastructure, such as vessels to patrol waters against illegal, unreported, and unregulated (IUU) fishing, and to fulfil the scientific research and management requirements of the MPA. Tourism is an opportunity that can be explored further for additional income; currently, landing fees from Antarctic cruise ships is a minor funding stream compared to fishing.

One expert panellist highlighted potential issues and concerns with some MPA financing mechanisms. MPAs require long-term investment; however, some funding and finance mechanism agreements remain time-bound. There were also questions around how a trust fund mechanism itself (and its management) would be sustainably financed, since there can be caps on funds going to the management of the trust fund. Furthermore, once the debt has been repaid, there are concerns about how momentum and political will might be retained to continue protecting 30% of the EEZ.

## 7.4 Blue carbon

One expert panellist picked up on the benefits and challenges associated with blue carbon credits. They highlighted that the timescales for getting blue carbon projects to markets is project specific and a timeframe of 5-7 years is not unrealistic. There is potential to capitalise on some of the models for community engagement, including producing templates and guidance to lower the project development time in the future.

Furthermore, there is the potential to inject private finance during the early stages of a project (e.g. blue carbon accelerators) to speed up development. It is important to note that there is not one single financing solution and the ability to combine various revenue streams will help cross-subsidise ongoing marine management costs; blue carbon, for example, could be blended with entry fees and tourism.

Another attendee added that although there are challenges with getting blue carbon to market, there are still wider benefits for all stakeholders. There is also still a need for baseline data from a management perspective.

One of the BBOT representatives (an MPA manager) noted that they are no longer focussing on benthic blue carbon as it would be hard to prove that previous activities had a negative impact on benthic blue carbon; proving that current MPA management activities are protecting benthic blue carbon is a necessary but not always straightforward step to getting blue carbon to market.

## 7.5 Scientific hubs

One expert panellist shared their thoughts on initial steps that should be taken when considering establishing an on-island research centre or scientific hub. They highlighted that a cost-benefit analysis should be carried out to ensure that the benefits of the facility would be greater than the initial set-up costs and running fees. BBOTs would also need to consider how income would be generated through the research facility and what a fee structure could look like. It would also be worth exploring whether there was opportunity for private investment to get the facility up and running.

## 7.6 Partnerships and networks

During the discussion, these useful partnerships and networks were mentioned:

- [Ocean Risk and Resilience Action Alliance \(ORRAA\)](#): This aims to increase investments into critical ecosystems that provide resilience against climate change, supporting the world's most vulnerable communities. It is a collaborative platform that aims to secure \$500m of investment into ocean-focused nature-based solutions, surface 50 new investable and scalable financial products that drive that investment and build the resilience of at least 250 million people in communities adapting to

climate change. For example, ORRAA, Swiss Re Foundation and the UK government Blue Action Fund are supporting an active Ocean Resilience Innovation Challenge; BBOT potential to access such funds could be explored.

- **Sustainable finance conferences** (such as [Island Innovations](#) conferences in April 2022): These are good opportunities to connect islands across the world and encourage collaborative working and sharing.
- **[Adaptation Research Alliance](#)**: The Foreign, Commonwealth and Development Office (FCDO) worked with partners to co-develop an international Adaptation Research Alliance (ARA) which was launched at COP26. This is a global, collaborative effort to increase investment and opportunities for action research to develop/inform effective adaptation solutions. This could be a useful platform for BBOTs to connect with partners, share learning and meet potential investors.
- **[Caribbean Biodiversity Fund and Caribbean Challenge Initiative](#)**: This is a coalition of governments, companies and partners working together to accelerate action on the marine and coastal environment. The goals of the coalition are: (1) to effectively conserve and manage at least 20 percent of the marine and coastal environment and (2) to have in place fully functioning sustainable finance mechanisms that will provide long-term and reliable funding to conserve and sustainably manage the marine and coastal resources and the environment in each participating country and territory. The Caribbean Challenge Initiative hosted the Caribbean Conservation Finance Congress in 2021.
- **[Commonwealth Sustainable Marine Economies Programme \(CME\)](#)**: Launched in 2016, the programme supports 17 small island developing states by building the capacity of the islands to manage their marine resources and develop their national maritime economies. It aims to support them in identifying the potential of, and developing, their marine economies in a sustainable, resilient, and integrated way.

## 7.7 Going forward

Going forward, BBOTs suggested that smaller dedicated meetings between BBOTs and the financial sector and sustainable finance specialists would be beneficial. This would provide opportunities for brainstorming and identification of specific needs for each BBOT. BBOTs also suggested that resource and information sharing between the BBOTs would be very useful going forward.

## 8 Resources

[The Ocean Finance Handbook](#) (Friends of Ocean Action, 2020) - core reading and suggested as an ongoing reference with practical examples. Many analyses and case studies were not added to this document as this summarises in a far more accessible way.

[Conservation Finance: Moving beyond donor funding toward an investor-driven approach](#) (Credit Suisse, WWF, McKinsey, 2014).

[Finance Tools for Coral Reef Conservation: A Guide](#) (WCS, 2018) Serves as a guide for protected area managers and other professionals charged with achieving conservation and protection of coral reefs and ensuring adequate financial means to do so.

[Nature-based Solutions Triple Win Toolkit](#) (JNCC, 2021) A useful resource on addressing the simultaneous crises of biodiversity loss, climate change and poverty, with guiding principles a simple checklist and guidance for implementation.

[Financing a Sustainable Ocean Economy](#) (Sumaila et al, 2021) – peer-reviewed article published in Nature Communications (perspectives), discussing the financing gap for sustainable oceans as well as barriers and solutions for incentivising public and private finance. Associated with this larger report: [Ocean Finance: Financing the Transition to a Sustainable Ocean Economy](#) (Sumaila et al., 2020).

[Investing in Nature](#) (Natural Capital Financing Facility, 2020). Extremely useful resource, with specific case studies and examples of different blended finance structures, financial mechanisms, and initiatives.

[Financing the Ocean Back to Health in Southeast Asia](#) (ADB, 2021) A recent report by ADB's ACGF - ASEAN Catalytic Green Finance Facility evaluates approaches for mainstreaming blue finance and highlights how innovative finance can unlock ocean health and sustainable blue economies.