



# Pacific Ocean Finance Conference

11-15 November 2019

## REPORT OF CONFERENCE

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## EXECUTIVE SUMMARY

The Pacific Ocean Finance Conference theme was *“Improving finance for Pacific Ocean Health & Governance”*.

The conference was held from the 11-15 November 2019, at the Shangri La Hotel, Yanuca, Coral Coast, Fiji, with participants coming from around the region and the world. They included conservation practitioners, finance experts, country representatives, Pacific Ocean Finance Program-contracted researchers, Pacific Ocean finance Fellows, regional organisations, non-government organisations and ocean investors and other interested stakeholders.

The goal of the conference was to explore and further define opportunities in ocean finance in the Pacific Islands region.

The conference was part of the Pacific Ocean Finance Program, which is Component 3 of the Pacific Regional Oceanscape Program (PROP), funded by the World Bank and the Global Environment Facility.

The Pacific Ocean Finance Conference was organised and facilitated by the Pacific Islands Forum Fisheries Agency (FFA) and the Office of the Pacific Ocean Commissioner (OPOC), with support from Conservation International (CI).

Daily attendance varied over 80 participants coming from around the Pacific region and the world. They included conservation practitioners, finance experts, country representatives, Pacific Ocean Finance Program-contracted researchers, regional organisations, non-government organisations and ocean investors. *See Appendix 2 for the full list of participants.*

The conference was officially opened by the Permanent Secretary of Fiji’s Ministry of Fisheries, Mr Craig Strong. The opening keynote speaker was Hon. Umiich Sengebau, Republic of Palau’s Minister of Natural Resources, Environment and Tourism.

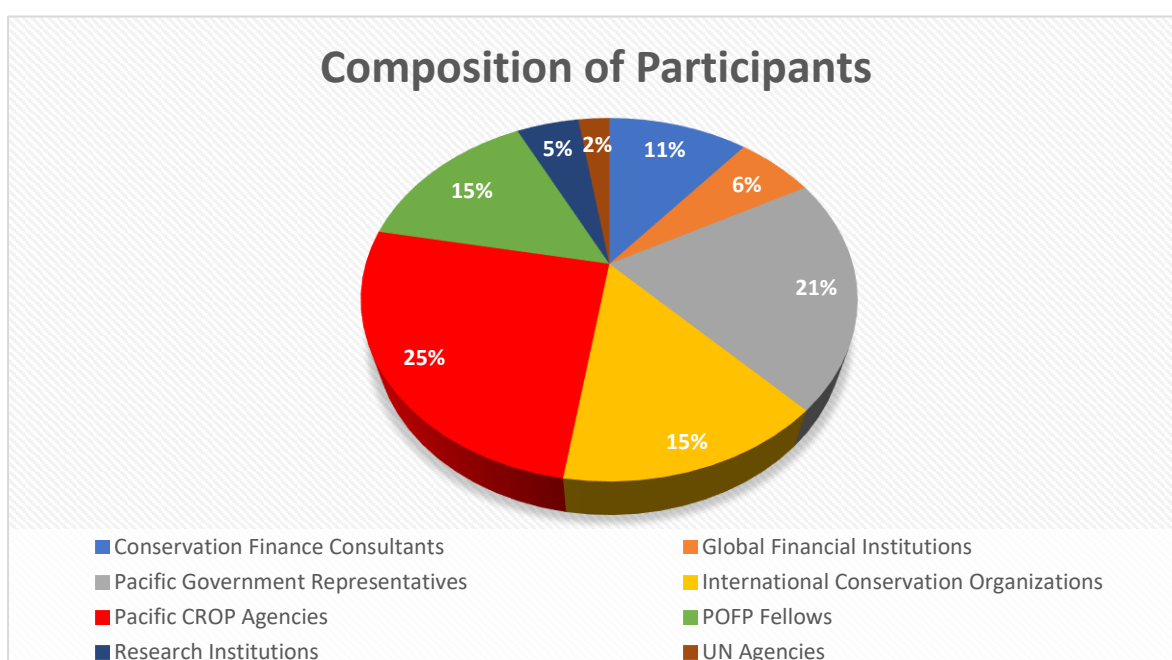
### **The conference objectives were to:**

- 1 Improve collective regional understanding of ocean finance, regional challenges and opportunities to improve ocean finance, and which ocean finance solutions are best suited for the Pacific.
- 2 Present the preliminary results of research projects funded by the Pacific Ocean Finance Program and solicit feedback from regional stakeholders and international technical experts before these research projects are finalised.
- 3 Support Pacific Island Countries in developing national ocean finance profiles that articulate country-specific challenges and opportunities to improve national ocean finance and resource mobilisation for Sustainable Development Goal (SDG)14.

### **Outcomes from the conference:**

1. The conference provided an overview on ocean finance in the Pacific Islands region, including challenges and opportunities for future application across the region. A feedback survey was issued to better understand the impact of the workshop on participants. While the topic of ocean finance was very new to many participants, they expressed having increased understanding of ocean finance broadly, and application to their countries specifically, as a result of the conference.
2. The Pacific Ocean Finance Program (POFP) contractors presented their areas of ocean finances and related expertise, including insurance, marine managed areas (MMA) finance, large-scale marine protected area (LSMPA) finance, taxes and subsidies, and bonds.

3. The Pacific Ocean Finance Fellows also presented their individual country research projects, with representation from: Tuvalu, Samoa, Papua New Guinea (PNG), Kiribati, Niue, the Republic of the Marshall Islands (RMI), Fiji, Republic of Palau, Tonga, the Solomon Islands, the Federated States of Micronesia (FSM), the Cook Islands, and Vanuatu.
4. Participants further expressed that the practical discussions and presentations related to ocean finance policies and governance for individual country representatives and Pacific Ocean Finance Fellows strengthened their general knowledge and understanding of the various ocean finance mechanisms in relation to Pacific Island countries and territories. This provides participants with the foundation to develop tailored ocean finance profiles for their specific geographies.



Data source: Conference registration

### Progress of conference:

The conference was the first of its kind for the Pacific Islands region. It was a knowledge sharing event bringing together participants from around the region and the world, including conservation practitioners, finance experts, country representatives, Pacific Ocean Finance Program-contracted researchers, regional organisations, and ocean investors. A series of presentations, reports, panel discussions, small group work and crowd sourcing approaches were employed throughout the 5-day programme. The 5-day agenda included:

- 6 presentations from the key the Pacific Ocean Finance Program (POFP) contractors presenting on their areas of ocean finances and related expertise, including: insurance, marine managed area (MMA) finance, large-scale marine protected area (MPA) finance, taxes and subsidies, and bonds.

- 13 Pacific Ocean Finance Fellows presenting on their individual country research projects, with representation from: Tuvalu, Samoa, Papua New Guinea (PNG), Kiribati, Niue, the Republic of the Marshall Islands (RMI), Fiji, Republic of Palau, Tonga, the Solomon Islands, the Federated States of Micronesia (FSM), the Cook Islands, and Vanuatu.
- 3 Keynote Speakers including the Hon. Umiich Sengebau of Palau, Robert Weary from the Nature Conservancy (TNC), and Simon Dent from Althelia.
- 16 presentations by researchers and practitioners in ocean finance and governance; topics based on the Ocean Finance Framework.
- In addition, there were multiple facilitated panel discussions and interactive sessions for training and workshopping.

Details of the agenda of the conference and daily conference presentation and photos can be viewed: <https://drive.google.com/open?id=1aIOM-uoE5LxAcU6U6uxHgsS23dzitDRl>

### Key Messages:

- Ocean connects the Pacific and Its people as one people and one ocean continent” Rather than profiling the Pacific as small island states, we need to profile it as a large ocean continent and rich in resource
- The health and prosperity of many Pacific Island Countries and Territories is reliant upon the food resources, economic and cultural benefits derived from the Pacific Ocean. The ocean is central to the continued well-being of island communities, and sustainable management and production of ocean areas must be adequately financed. Ensuring the long-term protection and sustainable use of our oceans is key to the survival of people, cultures, and indeed, the future of the planet.
- Pacific Island Countries and Territories are currently pursuing a diversity of ocean financing approaches, and blue economy initiatives, that finance the sustainable management of shared resources. These included fees, taxes, bonds, and other financial mechanism to support ocean management and sustainably production of ocean resources.
- There are many sectors and uses of our ocean that must be considered in relation to ocean finance, including fisheries, tourism, transportation, coastal development and community livelihoods. Policymakers and decision-makers should view ocean finance holistically, addressing the need to better mobilize resources across sectors and strengthen integration of existing financial resources and investments relevant to the ocean.
- Ocean finance should also focus on financial needs for capacity building for resource managers and
- Ocean policies and management frameworks are lacking throughout the Pacific region. There is a need to address this gap and develop appropriate policies and policy frameworks to advance sustainable use and management of ocean and coastal resources, to secure benefits for Pacific Island peoples.
- It will be critical to weigh the balance between revenue generation through the extraction of ocean resources and long-term sustainability of our ocean. Pacific Island Countries and Territories should seek innovative solutions to enable economic development while

securing long-term continuity and sustainable management of ocean resources for current and future generations.

- Private sector will play a significant role in the sustainable ocean/blue economy. Building capacity and increasing participation of private sector in ocean resources management and decision-making will be critical for future efforts.
- Ocean financing solutions must consider financing needs for ocean areas at various scales, identifying unique or integrated financing options for locally managed marine areas, networks of marine protected area (MPA), or large-scale MPAs. Financing solutions should also integrate costs for human considerations, such as community management or livelihoods needs, to advance sustainable supply chains and reduce pressures on coastal marine ecosystems.

# **THE CONFERENCE AGENDA**

## Monday 11 November

### Day summary

The conference began on Monday 11 November, with participants' registration. Mr. Chris Reid, Acting Director, Fisheries Development Division, Pacific Islands Forum Fisheries Agency and Mr. Craig Strong, Permanent Secretary for the Ministry of Fisheries, Fiji opened the conference and welcomed those attending. The keynote speaker at the opening was Hon. F. Umiich Sengebau - Minister for the Ministry of Natural Resources, Environment and Tourism, Republic of Palau. He spoke passionately about long-term protection and sustainable use of our oceans.

The conference sessions after the opening remarks focused on challenges and opportunities in Pacific Ocean Finance with inputs from various speakers.

### Opening sessions

**Mr. Chris Reid**, *Acting Director, Fisheries Development Division, Pacific Islands Forum Fisheries Agency*

#### Key points

- Welcomed participants and presenters to the inaugural Pacific Ocean Finance Conference on behalf of Director General Manu Tupou-Roosen, Pacific Islands Forum Fisheries Agency, and Dame Meg Taylor, Pacific Ocean Commissioner.
- The Pacific Regional Oceanscape Program (PROP) is one of the donor-funded projects managed by FFA. One of the components under PROP is the regional Ocean Finance component, implemented in partnership with OPOC. This work is broader than just fisheries finance and includes all aspects of ocean finance.
- When thinking about ocean finance, many sectors and uses of our oceans are factored in, including fisheries, tourism, transportation, coastal development and community livelihoods.
- We consider finance holistically by including new ways to mobilize resources and generate funding, as well as better utilization and investment in current financial resources.

**Mr. Craig Strong**, *Permanent Secretary for the Ministry of Fisheries, Fiji*

#### Key points

- Fiji has sovereignty of over 1.3 million square kilometres of the Pacific Ocean and the country is heavily dependent on the ocean and its resources. Building a sustainable and inclusive ocean economy for Fiji is one of the most important tasks and one of the greatest opportunities. Governments, industries, stakeholders and experts will have to join forces to develop and implement appropriate and effective solutions in Fiji and around the world.
- The most critical of this is the alignment of finance to implement plans and policies with the relevant monitoring and evaluation frameworks.
- Ocean finance should also focus on capacity building and this needs to be spelt out in policy documents.



- There is a need for serious consideration for policies implemented by governments across the region to ensure constructive ocean related expenditure. This could include the possibility of raising corporate or private sector Blue Bonds to reduce overall risk mitigation or instigating regional partnerships. As an example, Fiji and the Republic of Marshall Islands currently co-chair and drive a regional, domestic, maritime sector focused partnership called the Pacific Blue Shipping Partnership Initiative within institutions and across sectors.

**Keynote Speaker: Hon. F. Umiich Sengebau** - *Minister for the Ministry of Natural Resources, Environment and Tourism, Republic of Palau*

### Key points

- Ensuring the long-term protection and sustainable use of our oceans is key to the survival of our people, our cultures, and indeed, the future of our planet. A lot of effort being put into the implementation, monitoring and enforcement of a broad range of ocean conservation initiatives.
- The question is always — who will pay for this? Short-term funding, for example in the form of donor-funded projects, is helpful in enabling environmental initiatives to demonstrate protection of biodiversity and, more importantly, the wellbeing of our communities. It is also helpful in supporting collective efforts to better manage natural resources.
- Also need to think about securing funds to guarantee the continuation of these initiatives and processes in the long-term, for the benefit of future generations of terrestrial and marine inhabitants.
- The importance of this cannot be emphasised enough: a lack of long-term funding strategies, and funds, is often the cause of conflicting priorities, forcing sustainability into the back seat and instead prioritising the revenue we could generate.
- A focus on generating revenue at the cost of long-term sustainability is the easy way out. It would be better, and indeed is becoming a non-negotiable necessity, to think of innovative ways of investing in our resources for the long term.
- Palau has taken several bold steps to protect the ocean and the abundance of life within it. One example is its Protected Areas Network, or PAN, a system of protected sites which also connect with cultural values. At its creation 17 years ago, this system was a first in Palau and in the world, and over the course of its existence has provided the country with a means of safeguarding its natural resources through a combination of traditional ecological knowledge and modern science.
- Tourism is Palau's biggest economy the ocean is its biggest asset. The country found a way to link the two by generating moneys through tourism to conserve its marine environments, i.e. with the Sustainable Financing Mechanism for the PAN, known as the Green Fee. This fee of \$15 per visitor has been the key to effectively conserving Palau's natural and cultural heritage since its inception.
- Since the Green Fee's establishment in 2009, Palau has created 36 protected areas across the country, generated and programmed over \$16M, leveraged over \$10M that's invested in an endowment fund and employed hundreds of people in our local communities.
- Through the PAN framework, Palau has met the spatial targets set out in the Micronesia Challenge, a regional commitment to effectively conserve at least 30% of our near-shore marine resources and 20% of our terrestrial resources by 2020.
- The Green Fee concept was scaled up last year to also support the entities in charge of monitoring and managing the newly established Palau National Marine Sanctuary, as well as other government initiatives.
- This new fee, the Pristine Paradise Environmental Fee, or PPEF, is a payment of \$100 incorporated into every airline ticket to Palau, and more recently also every cruise ship passenger entering the Republic. It has accrued \$9.1 Million; of this, 15% - formerly

the Green Fee – funds the operations of the Protected Areas Network, and 10%, or around \$1 million per year, supports the administration and scientific monitoring of our National Marine Sanctuary.

- This funding mechanism has many benefits but is not without its challenges; if tourism numbers drop, so does the revenue from the PPEF and with it a potential reduction in available funding for Palau's programs.
- Our proximity to Southeast Asia and our geographic location within the world's largest sustainable tuna fishery places Palau at the heart of conflicting and contrasting regional issues around overpopulation and sustainable livelihoods, poverty reduction and environmental destruction. The majority of vessels currently fishing for tuna in Palau use Filipino and Indonesian crew. Millions of fishers and fish workers in Asia live below the poverty line, making them easy targets for human trafficking and forced labour on fishing vessels.
- Palau relies on assistance from, and collaborative efforts with, our regional partners and the international community to support us financially and logistically in ensuring that the sanctuary remains a no-take zone for decades to come.
- While Palau receives a lot of regional support, the country lacks the technical, technological and financial means to fully protect our ocean independently and at all times. The huge extent of its Exclusive Economic Zone (EEZ) and its remoteness require dedicated, locally based means of enforcing our marine domain and securing our sovereignty. And this requires reliable, sustainable, long-term funding.
- Palau is a member of the Parties to the Nauru Agreement, or PNA. The PNA's continued efforts are realized in a combined EEZ extending over 15 million km<sup>2</sup> and have established the group as global leaders in fisheries sustainability.
- The PNA's ability to reconcile diverse interests in the interests of shared interests has allowed members to bring to life many ground-breaking management measures, including the Vessel Monitoring System, high seas closures, 100% observer coverage on purse seine vessels, and the first ever Marine Stewardship Council (MSC) certification for free-school purse seine-caught tuna.
- One of the most significant achievements is the Vessel Day Scheme (VDS), established under the Palau Arrangement of the PNA, which has allowed members to more fully see the true value of the tuna fishery which has grown nearly tenfold from US \$60 million to more than US \$500 million.
- Today, the VDS is paying for schools, hospitals, and other services. While other RFMOs are high seas-based and suffer from the tragedy of the commons, the PNA is the only Regional Fisheries Management Organisation (RFMO) with all of its tuna stocks in the green.
- Not everything is sunsets and victories in the region. Food security is a topic of increasing urgency across the Pacific as is the incidence of non-communicable diseases. Many in the region are seeing decreases in the abundance of coastal marine resources and increases in the numbers of new developments, promising jobs and opportunities for our people.
- In many of our fisheries, opportunities for slavery, human and drug trafficking and other fisheries crimes are rife, as are economically motivated crimes such as illegal fishing and wildlife poaching.
- Climate Change is at our doorstep. Never has the world's population numbered this high, and never have the oceans faced greater risks from overexploitation, pollution and acidification
- Long-term funding will be a cornerstone of securing the health of our ocean, and therefore the continuation of our cultures, societies and ways of life.
- As we learn about ways to finance our proverbial canoe, we need to keep sight of the values that will guide its way into the future: the strength of our communities, the cooperation among our nations, and the solidarity that connects our shores. These are

the shared values that have brought our Pacific family together, and we will continue to rely on them, and each other, as we find our way into the future.

**Dr. Melissa Walsh**, *Manager - Pacific Ocean Finance Program, Pacific Islands Forum Fisheries Agency and Office of the Pacific Ocean Commissioner*

### **Key points**

- 50-90% of protein in Pacific Islands comes from the ocean (8 times the global average).
- United Nations (UN) estimates to achieve all 17 SDGs by 2030 we need US \$2.5 trillion a year additional to the current ones (during the last UN oceans conference, participants pledge \$65 billion).
- SDG14 is the lowest funded SDG.
- Ocean finance is an iterative financial planning process. It is defined as generating, investing, aligning, and accounting for financial capital to produce sustained ocean health and governance:
  - Generate - private and public capital through traditional and innovative mechanisms. In the Pacific, fishing license fees is the largest source of capital; second is overseas development aid (ODA). We can't stop at only generating money.
  - Invest - wisely the funds generated.
  - Align - economic incentives with long-term ocean health, designing new systems, behavioural changes.
  - Account - how we account for incentives? What are the ocean budgets for each country? Economic evaluation of marine ecosystems (monitoring these ecosystem values). How can we track the effectiveness of the investments?
- Let's not confuse novel with innovation. Novel is new, but we have to push ourselves to challenge the status quo through innovative. Let's amplify solutions (like Palau) that are currently working.
- Important to conserve, manage and finance what matters to us before our oceans are degraded or depleted. This is reminiscent of a North American saying: "Only when the last tree has been cut down, the last fish been caught and the last stream poisoned, will we realise we cannot eat money."
- Pacific Ocean Finance Program objectives:
  - Mechanisms – analyse and develop novel ocean finance solutions.
  - Profiles – assess ocean finance status and opportunities for Pacific Island countries.
  - Capacity – enhance Pacific regional capacity in ocean finance and governance.
- Pacific Ocean Finance Conference theme:
  - Improving finance for Pacific Ocean health and governance.
- Objectives
  - Improve regional understanding of ocean finance and collectively chart a path forward.
  - Discuss preliminary results of research projects and consult on next steps.
  - Support Pacific Island countries in developing national ocean finance profiles.

### **Facilitated Panel Discussion: Challenges & Opportunities in Pacific Ocean Finance**

*Panel: Hon. Minister F. Umiich Sengebau, Mr. Rob Weary, Deputy Managing Director, NatureVest, The Nature Conservancy, Mr. Raphael Bille, RESCCUE Project Coordinator, SPC, Craig Strong, Permanent Secretary Fisheries, Fiji.*

- \$64 billion has been committed to the ocean. Is this enough?

- Rafael: 50 billion has been committed for renewable energy, however, we must take extreme precaution with using this 64 billion.
  - Craig Strong: It's not "one-size-fits-all" solution. Each Pacific island is different, so different solutions will be necessary.
  - Rob: Each country is different. How much do you have? What is your debt? Depends on country and specific economic, cultural and social context.
  - Minister: We need to articulate with other sectors. We should tackle the issue before it happens. Environment must be prioritized ahead of everything else and integrated in order to understand how the environment affects different sectors, such as health and finance.
- Tourism is a revenue opportunity for the Pacific. Have assessments been done in Palau that can provide an example for the rest of the region?
    - Minister: Yes, impact assessments done. Palau experience is unique, tourists coming from the Asian countries. Policies additional in place to manage the tourists ("we need to be brave enough to say no sometimes"). Target market according to the current situation.
    - Fiji context: 800,000 people in Fiji. 100,000 tourists. Food security prospective, we need to integrate coastal fishery sector with tourism in the 10-year ocean strategy. Improving tourism integration with conservation.
    - The environmental and cultural carrying capacity, as well as absorptive capacity of countries and sub-national geographies must be considered when designing sustainable tourism financing interventions in the Pacific. These considerations must be reviewed when developing tourism plans and strategies, to acknowledge the potential impact of high-volume tourism stresses on local ecosystems, culture and population, as well as infrastructure.
    - Rob: Tourism in the Seychelles has improved incrementally over the years. The number one concern from tourists is sustainability of their impact.
    - Rafael: It's also critical to assess waste management related to tourism.
    - Melissa: Tourism is central in the economies and livelihoods of the Pacific and should be advanced in a sustainable manner.
  - Best example of ocean financing that works:
    - Minister: Palau has a population of 20,000 people yet receives 100,000 tourists annually. So, this could create a big problem if not properly managed. This also creates opportunity for a new paradigm of change – instead of sending tuna to Japan, let's use our tuna to feed tourists so we can give relief to reef ecosystems as well. Tourists are willing to give money for sustainability. Pacific great opportunity to do that.
    - Rob: The green fee in Palau is a great example. Cash flow from the green fee can make greater revenues than even a debt swap. If the tourism sector is robust enough in a country, you should pursue this as an ocean financing option.
    - Melissa: When considering a debt swap, what conditions do we need to look? Is it feasible to do this in the Pacific?  
 Rob: There are a few factors. The opportunity first depends on the willingness and interest from the country to conduct a debt swap, who holds the debt, and whether the debt bought is big enough. When you borrow money, you have to figure out how you give it back.
  - Opportunities:

- Minister: Developing alternative livelihoods for fishermen is a key part of the solution, which provides an opportunity to invest in industry as well as natural resource management.
  - Craig: Fish farming is a way forward, as is shifting domestic fishing pressure off of coastal reefs and increasing catch of pelagic species for food security in Fiji.
  - Rafael: Eight financial mechanisms were established under the RESCCUE project in the Pacific, which are working well to support ocean finance.
- Do we have tools to assess if an ocean finance mechanism is working?
    - Rob: In the Seychelles there are tools in teaching (local capacity building) how to manage a grant, financial reporting, etc. Baseline studies are done and additional monitoring and evaluation to understand the impact and effectiveness of the approach for the ocean.
    - Melissa: What is the biggest challenge? And how we can overcome challenges?
    - Rafael: There is a lack of financial capacity in the region, a lack of effort and transparency that makes transactions difficult to achieve.
    - Minister: In some cases, there is a lack of political will. We need to bring the message “happy environment, happy people.”
    - Rob: There is no lack of capital out there but there is a lack of pipelines and local capacity to develop and manage these mechanisms. We need pipeline development in the Pacific.
    - Craig: We need to mobilise investment and ensure that appropriate infrastructure is in place, to strengthen the relationship between micro and macro investments management.
    - There is a need to integrate gender considerations into ocean finance in relation to governance, environment and social safeguards toolkit for MPAs, LSMPA and fisheries investments.
  - Is there international pressure for polluters to pay for their pollution?
    - Minister: The biggest polluter nations are the same who are fishing in our waters, so we should use this as a leverage to get something out of them
    - Rafael: At a regional level, no, but at local level, yes. However, it's difficult. It's easier to get the tourists to pay than the polluters.
    - Rob: Water companies should pay as well to protect nature, so start to get water fees for water companies operating in the region.
    - Craig: The role of environmental organisations is fundamental in establishing these types of schemes.
  - Closing remarks
    - Craig: Let's rise to the challenge.
    - Rob: We should have patience, as these are long processes, and understand that there is no silver bullet. We first have to establish the right framework, the right policies and other criteria before solutions can be fully effective.
    - Minister: These are important actions -- we are doing this for the people and for ourselves.
    - Rafael: There is no single example or solution, but the selection of solutions is quite specific.

## Tuesday 12 November

### Session 1: Innovative Ocean Finance Solutions

**Objective:** Identify potential innovative finance solutions for Pacific Ocean health and governance

**Expected Outputs:**

1. Feedback on Pacific Ocean Bond concepts and recommended next steps for bond development
2. Feedback on Pacific Ocean Insurance concepts and recommended next steps for insurance development
3. Identification of 2-3 additional innovative finance solutions that merit further analysis and development
4. Identification of key challenges and enabling conditions required for innovative finance solution development

### Day summary

The second day's key objective was to identify and discuss innovative finance solutions for Pacific Ocean health and governance. The day began with the second keynote speaker, Robert Weary, Deputy Managing Director, NatureVest, The Nature Conservancy. The afternoon session included the introduction of the Pacific Ocean Finance Fellowship and presentations by the fellows from Tuvalu, Republic of Marshall Islands and Solomon Island.

**Keynote Speaker #2: Robert Weary, Deputy Managing Director, NatureVest, The Nature Conservancy**

*Potential innovative finance solutions for Pacific Ocean health and governance*

### Key points

- Potential financial mechanisms include:
  - Debt conversion/blue investments
  - Green/environmental/PA fees
  - Site specific fees
- Government revenue allocations: government budget
  - Use revenue: entry fees, use fees
  - Fishing industry: fish catch
  - Extraction: oil spills fines
  - Private sectors and market-based revenues: PES
- Debt conversions enabling factors include:
  - Government support (as debt holder)
  - Willing seller (creditor) of debt at discount
  - Financing in place (grant and/or loan capital)
  - Trust fund created and operational, and legal agreements finalised
- Seychelles case
  - 22m of sovereign debt was restructured via Paris Club
  - Included a blend of grants and impact capitals
  - 8m use to fund MMAs over 20 years and 6.6m endowment
- Barbados case
  - 700m of debt was purchased at 80 cents on the dollar

- Barbados Blue Investment Co (LLC): loan from bank (200 m), pay part of debt (200m) to the creditor
- Benefits to Barbados:
  - Debt relief of 36.7m through a reduction of interest rate on debt
  - Upwards of 73.6m over 20 years of planned investment to support MMAs and catastrophic hurricane coverage (15.4m)
  - Government entities are eligible to apply for funding from the Trust established to house this investment.
  - Used for mangrove recovery, Marine Spatial Planning processes and livelihood projects
  - Blue Investment Fund: available for small and medium enterprises, climate resilient housing, waste/sanitation infrastructures
- Belize case
  - Protected Areas Fee was used as a financial mechanism to generate revenue
  - The fee increased from \$3.75 in 1996 to \$20 in 2018, and revenue is used to support conservation activities
- Other examples:
  - Palau green fee
  - Bonaire Marine Park annual fees
  - Soufriere MMA fees
- Tools and Lessons
  - Importance of willingness to pay survey: Bahamas, Jamaica, Seychelles
  - Patience – not a swift process but worth the effort
  - Scale matters – only worth considering a debt swap if there is enough debt.
  - Ministry of Finance is key
  - High level commitments help
  - Possible to raise loan capital directly from private markets
  - Stakeholders consensus is vital

**Raphael Billé**, *RESCCUE Project Coordinator, SPC*

*Innovative financial mechanisms for Pacific islands conservation: lessons from the RESCCUE project*

### **Key points**

- Many pre-existing examples in the Pacific, many are marginal, poorly documented and hard to draw lessons from. Need to put more innovative mechanisms to the test, explore upscaling opportunities, and ensure learning
- RESCCUE (coordinated by SPC): regional and operational project to increase the resilience (2014-2019) through innovative financial mechanisms, including:
  - Green taxes
  - Mitigation of mining, hydropower, tourism and infrastructure
  - Land and land-right transactions
  - Economic incentives to control invasive species
  - Over 50 mechanisms studied and 8 implemented
- North Efate Conservation Trust example
  - Estimate revenue: EUR 9,000 a year
  - RESCCUE provided seed funding of EUR 90,000
  - Transaction costs: EUR 130,000 to establish the trust fund + EUR 4,700 per year to operate the fund
- Lessons learned

- Many reports in the RESSCUE website
- Challenges: too high expectations, low population density, legal obstacles, lack of data and ecological processes complexity, transactions costs, illegibility
- High interest and many opportunities (tourism and fishing industries not yet explored in the Region), balancing technical expertise and partnership,
- Next steps: more tangible outcomes on greening taxes and subsidies and assess the potential of mechanisms not covered by RESSCUE

**Jan Yoshioka**, *Director, Ocean Investments, Conservation International Ventures*  
*Investing in the Blue Frontier: Impact Financing Solutions for Ocean Sustainability*

### **Key points**

- Conservation International (CI) Ventures directs investments into entrepreneurship and sustainable businesses worldwide
- Pioneering conservation finance solutions:
  - 20m invested into agricultural companies (such as coffee companies) to make their production sustainable (debt investment)
  - Target size of revenue to raise 30m to raise
  - Capitalisation of the CI Ventures fund: 100% philanthropic
  - Need to find innovative financial products to help small-scale producers
  - Investing in nature-based solutions and solutions for nature
- Six investments in total, including:
  - Komaza (Kenya) project example
    - Micro forestry Model
    - Bridge Note
  - SafetyNet technologies example: new devices for tracking fishing efforts
    - Investment in fisheries sustainability technologies
    - Bycatch reduction devices using artificial light
  - JALA example: empower shrimp farmers through technology and smart data
    - Indonesian woman-led
    - Water quality analytics for small-holder shrimp aquaculture industry in Indonesia smart data
- Investment approach
  - Aim to engage people in the production and local capacity building
  - Impact first - sustainable for long-term
  - Maximise impact returns
  - Geographically investments
  - Regional strategies
  - Global strategies
  - Investment across multiple stages
  - Investment themes - agriculture, agroforestry, livestock, seafood, ecosystems
- Themes and geographic locations
  - Sustainable production projects need to be done in places where organization has a presence or close relationships
  - Seafood, ocean data, aquaculture, environmental monitoring
- Partnerships and blended finance
  - Partners interested in developing a pipeline



## Facilitated Panel Discussion

Panel: Raphael Billé, Jan Yashioka

### Key points

- Social and cultural aspects that can be useful to improve financing mechanisms? Especially in the Pacific?
  - Raphael: Yes, connection between people and nature is fundamental. Access information is vital for the people of Pacific and they are not opposing to get some investments going. Start building capacity locally for associations. Importance to understand the impact of the investments
- Private sectors investments. Opportunities for sustainable fisheries?
  - Jan: In the region there are great examples, such as tuna management at regional level. It is imperative to deal with local communities and invest in them to ensure success.
- Why don't polluters pay?
  - Raphael: don't know but probably targeting the large-scale seafood farming would be the way, but it is difficult
- Invasive species project in the marine space?
  - Raphael: No experience in the marine environment for RESCCUE. However, opportunities to improve in this space. Caribbean examples
- Accelerate impact investments in the Region. Where are gaps? Resources?
  - Jan: Blue economy is going to play a massive role for the future. Aquaculture for example is a great opportunity but also forestry and agriculture, especially in Fiji. Also, gender equality projects regarding production are the new way forward.
- Landscape of these private sector investments?
  - Jan: globally, there has been a great explosion in small and medium private sectors companies really devoted to environment sustainability. The needs to be a more developed market to allow small companies access to these opportunities. It is pivotal to build bridges between small companies and market competitiveness and in doing so, work closely with the government and communities.

**Torsten Thiele and Dominique Benzaken**, *Blue Natural Capital Financing Facility*  
*Leveraging blue natural capital for sustainable economic development*

### Key points

- Tackling financial challenges in conservation - funding constraints are seen as one of the most pressing challenges in reaching global conservation targets; the bottleneck is not the lack of liquidity but the lack of investable conservation assets
- Blue Natural Capital Financing Facility - innovative finance initiative that assists investable, sustainable coastal projects
- Building up a project pipeline
  - Existing bond models
  - Existing investment criteria
  - Deliver net ocean health benefits
  - Models that can be scaled
- Methods
  - Identify funding opportunities with net ocean benefits
  - Work with partners and key stakeholders
  - Seek regional and international support
- Net ocean health benefits

- Using existing standards for the ocean blue economy in order to improve Management of resources, coastal resilience, water quality
- Need to be aligned with other SDGs
- Transparency and accountability for governance benefits
- Example: Seychelles Blue Bond
  - Seychelles is not a high credit nation
  - Not too expensive to repay the bond
  - Drivers - high income, country and the president were really into blue economy, so he decided for the dept swap and then blue bond
- Example: Baltic Blue Bond
  - Runoff from agriculture into the Baltic Sea; the results were shown to the decision-makers to convince them to use blue bonds for helping companies
- Example: Fiji Green Bond
  - Three bond concept notes developed, in process
- Proposed bond structures
  - Ocean impact bond: smaller bond where government is behind the delivery of outcomes
  - Ocean resilience bond: issuer can be international institution, bank etc. So large bond for coastal resilience to improve resilience and social outcomes (coral reef rehabilitation, mangrove replanting, and others)
  - Ocean climate mitigation bond: commercial solutions through innovative sustainably solutions (solar panels, and others)
- Stakeholder consultation feedback:
  - Gaps in understanding bond value
  - Need for organisational support
  - Need local stakeholder engagement (local capacity)
  - International standards exist
  - Investor interest
  - Impact monitoring required
- Learnings
  - Pacific Ocean bonds can fill the gap between ocean health needs and financial capacity
  - Next steps - deeper regional and local engagement needed to align investor interests to local needs

**Pacific Ocean Insurance Project<sup>1</sup> - Jacqueline Wharton, Willis Towers Watson**  
*Innovative tools to support ocean health and resilience*

**Key points**

- Scoping the risk of nations according to the threats they are facing
- 2 insurance uses applicable to ocean health
  - Ensure the continuation of ecosystem/ecosystem services; provide liquidity when needed to achieve this goal
  - Offer preferential rates or subsidies in exchange for stewardship activities
- 3 investment concepts
  - Protect assets and investments
  - Provide economic relief, business interruption cover
  - Increase financial resilience

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<sup>1</sup> Pacific Ocean Finance Program Contracted Research Project

- Natural assets insurance cases
  - Use cases for coral reefs and mangroves
  - Trigger for cyclones or natural disasters - identify indicators for when insurance can be used (extreme rainfall, strong winds)
  - Reef clean-up
  - Restoration
  - Waste and water infrastructures
  - Crown of thorns eradication
- Economic relief insurance
  - Climate change impacts on businesses: coral bleaching
- Financial resilience insurance
  - Communities level insurance against climate change impacts
- Existing insurance products:
  - Environmental liability insurance covers against environmental damage for which the policy holder is already responsible
  - Insurance for marine ecosystems
- Insurance concept development
  - Local and global threats scope
  - Key climate risks - warming oceans, sea level rise, increased severity storms, extreme weather, increased exposure (more assets)
- Assessing feasibility
  - For Fiji, Palau and Vanuatu - scoping legal and regulatory barriers, funding of premium, settlement data availability, risk transfer possible at acceptable technical price, effective use of pay-outs
- Learning
  - Insurance only part of solution but it can provide wider solution

### **Facilitated Panel Discussion: Innovative Ocean Finance Solutions**

*Panel: Jacqueline Wharton, Torsten Thiele, Dominique Benzaken*

- Is there a link between the product of the bond sustainability result and price of the bond?
  - Torsten: It is ongoing. Bond which is safe and cheap is the best.
- How much work must be done for opportunities bond-related in the Pacific?  
What is the process for evaluation scoping (insurance)?
  - Torsten: it is based on the risk of the bond delivery. Ocean risk is so significant to the economy of the Pacific, so we need to be proactive before the impacts are too high and so more costly
  - Jacqueline: based on market competition and catastrophe model. Based storm historical record to understand risk and vulnerability of ecosystems. Science is the high priority for risk assessment
- Blue bonds: what is the value of bonds compared to loans?
  - Torsten: most of the money are spent after the disaster, so we know to spend money now to protect ocean health. The problem is to invest wisely this money: blue bonds are cheap; however, it is a commitment. Also, there is no risk but only benefits for the bond. Money now for the right investment and pay the interest over time
- Of the 3 options, which is most feasible?
  - Jacqueline: economic risk for coral bleaching is vital (economic relief insurance)

- Dominique: they are not exclusive. Depends by the project and circumstances. Resilience bond has a lot of advantages
- From your studies, where do you see the coming backs from bonds?
  - Torsten: commitments of investment in improving your activities, you need regulatory approaches. International partners are vital.
- How do you integrate insurance and bonds?
  - Torsten: insurance allows a lot of other parties to become part of the project, so for a financier is helpful if an insurance can exist. Bond process to deliver the project
  - Jaqueline: resilience bond and insurance can be tied together

## **Pacific Ocean Finance Fellowship<sup>2</sup>**

*Introduced by David Meyers, Conservation Strategy Fund, Wildlife Conservation Society, and Conservation Finance Alliance*

### **Key points**

- Funded by The Pacific Islands Forum Fisheries Agency (FFA) and the Office of the Pacific Ocean Commissioner (OPOC) - in partnership with Conservation Strategy Fund, the Conservation Finance Alliance and the Wildlife Conservation Society
- 13 fellows for the 2019-2020 cohort
- The program's goal is to strengthen regional capacity in ocean finance and ocean governance through:
  - Increasing individual capacity of Pacific Islanders by providing professional development training in ocean finance and governance
  - Advancing ocean finance initiatives both within institutions and across sectors in the Pacific Islands region through a program of mentored projects in fellows' home countries
- The nine-month program includes two training workshops in ocean governance, finance concepts and mechanisms
- Fellows are also receiving financial support and mentorship to implement ocean finance project in their home countries

### **Fa'au'i Ekapale-Telii, Pacific Ocean Finance Fellow - Tuvalu**

*Assessment of options to strengthen and expand the current model for the Community Vessel Day Scheme (C-VDS) Funds*

The C-VDS fund is a Government of Tuvalu Grant to each of the eight outer-islands of Tuvalu for community development in the amount of AU\$200,000.00 per island annually. This initiative is a sharing of benefits to the grassroot people of Tuvalu who are resource custodians of the 900,000 square kilometres of ocean that they own. The grant amount is an approximation of twenty days revenue collected from the Parties of the Nauru Agreement (PNA) Vessel Day Scheme (VDS) who manages the Purse Seine fishery within its zone. The C-VDS initiative was established in 2014. It was initially decided to at least share 8% of revenues Tuvalu collected and later in the years, a specific number of days would be allotted for each of the islands. The grant was established without any policy guideline or criteria for its usage. At present, dilemma exists around the operation of this fund, whether it is allocated for fisheries management or development or for general community initiatives.

The project aims to improve, strengthen and expand the current model for the Community Vessel Day Scheme (C-VDS) Funds with a well-developed plan. The current system of C-VDS

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<sup>2</sup> Pacific Ocean Finance Program Contracted Capacity Enhancement Project

Funds is not effective because there were no clear rules on how the money should be spent and not much monitoring or follow-up. A more feasible model for C-VDS Funds with a well-developed plan could strengthen and expand the effective management of C-VDS Funds that directly transfer some of the benefits from purse seine tuna fishery to the grassroots level. This solution aims to provide a greater clarity on the C -VDS Funds mechanisms by setting criteria for the allocation and use of funds, establishing law or regulation to reflect the right of community shareholders in the C-VDS Funds and increasing economic returns targeting right based-management reforms.

The result will be a scheme that effectively capitalizes and secure coastal community shares of tuna access revenues for sustainable management and development initiatives. The specific actions include: (i) review and assess the current model; (ii) discuss options with national Government, Island community organisations and other concerned stakeholders; (iii) identify and select the best option with the Government; and (iv) further development of the C-VDS Funds.

**Rosalie Masu**, *Pacific Ocean Finance Fellow - Solomon Islands*  
*Improving management and development of sea cucumber fishery in Solomon Islands*

The sea cucumber fishery is a highly valued fishery that provides economic benefits for Solomon Islanders who rely heavily on marine resources for their livelihoods. Harvesting of sea cucumber requires very little technology and its long shelf life when dried, is an ideal livelihood product option for isolated communities, particularly where transportation to urban areas is not reliable. During the recent opening season in October 2018 to June 2019, the sea cucumber export data has shown to be composed of mostly undersized bêche-de-mer for all species. With very high license fees of SBD 200,000 (USD 24,000), the companies have complained that they have not recovered their expenses for this fishery. As a result, the Ministry of Fisheries and Marine Resources (MFMR) has waived to allow for undersize exports.

This project will explore options for bêche-de-mer to be based on quotas for each type of species so that there is no loss of business to exporter and fishers can benefit from a sustainably managed fishery.

**Fiafia Alana Rex**, *Pacific Ocean Finance Fellow - Niue*  
*Niue Coral Reef Restoration Project*

Coral reef ecosystems sustain both human and ocean health and are crucial to Pacific island livelihoods, not just being our home, but home to our natural resources. As a geographically isolated big ocean island, Niue is extremely vulnerable and susceptible to growing urban development presenting constant and new threats such as: urban runoff, overharvesting, tourism growth, loss of habitat, degradation and pollution to land and coral reef habitats. All of this is further exacerbated by climate change impacts, including increased ocean acidification, warming, salinity, cyclone damage aided by the health of such important ecosystems going unchecked, unregulated and unmonitored.

This project acknowledges and aims to support the existing efforts to rehabilitate coral reef systems in Niue. The project's primary objective is to develop a strategic and financial plan as a result of wider stakeholder engagement encompassing the vision, goals and objectives of the plan for the monitoring of coral reef ecosystems and habitat health ensuring utmost that the project gains national recognition and ownerships and that there is great viability for long term sustainable financing.

## Wednesday 13 November

### Session 2: Marine Managed Area (MMA) Finance

**Objective:** Identify best practice for finance of Pacific marine managed

**Expected Outputs:**

1. Feedback on Large-Scale Marine Protected Area (LSMPA) Finance project
2. Feedback on Community MMA Finance project
3. Recommendations to improve MMA finance in the Pacific region

#### Day summary

Best practice for financing Pacific marine managed areas was the focus for day three. Speakers from private/public sectors and research groups presented on small scale community managed marine area finance and large scale marine protected areas finance mechanisms. There were also facilitated discussions of best practice of marine finance in the Pacific and followed by presentations from Pacific Ocean Finance fellows from Tonga, Papua New Guinea and Kiribati. Scaling up Sustainable Development Goals (SDGs) Resource Mobilization was also discussed to identify the status and opportunities to improve SDG 14 in particular.

**Coral Pasisi**, *Director, Sustainable Pacific Consultancy*  
*Public Private Partnerships and Sustainable Financing of LSMPAs in SIDS*

The presentation discussed experiences of a Public Private Partnership to support sustainable development practices in Niue's Ocean environment through the Niue Ocean Wide (NOW) Project, and the associated challenges and opportunities with sustainability of these efforts, including financing. The NOW Project has supported the establishment of a LSMPA consisting of 40% of Niue's EEZ, announced globally in 2017 and confirmed by legislation in October 2019. Niue has also committed to locking up a portion of its fishing rights associated with this closed LSMPA. This is part of a wider EEZ wide Marine Spatial Management Planning project aimed at entrenching sustainable development practice for Niue's Ocean Resources in line with its eco-tourism focused economy and respecting its traditional and customary resource use practices and principles. Ensuring greater returns and benefits from its Ocean resources as well as sustainability for Niueans now and into the future.

**Katy Mathias**, *Wildlife Conservation Society*  
*An Unpopular Opinion: Endowments Are Vital Tools for Funding Conservation*

Endowments (and sinking funds) are tried-and-true tools for funding biodiversity conservation through the capital markets. Dating back to the mid-1990s, Conservation Trust Funds (CTFs) have relied on endowments and sinking funds to anchor their funding strategies. Today, CTFs around the world have invested a combined \$ 1B+ in the capital markets, using returns to fund PA management costs, community development, and climate actions. Recently, market volatility and concerns about the opportunity cost of long-term investments have caused donors and PA managers to re-think endowments' relevance. Drawing on the Conservation Trust Investment Survey (CTIS), the CFA's Investment Management Workshop, and the forthcoming 10-year review of CTF investment practices and performance, the presentation discussed that endowments and sinking funds serve a critical and stabilising role in funding biodiversity conservation and ocean health – but only when investment management best practices are employed.

The common characteristics of successful performers suggest that there are critical success factors:

- Upfront planning with realistic projections and capitalization goals.
- Diversified financing mechanisms and sources.
- Minimizing transaction costs.
- Professional, diversified, global investment strategy.

**Naia Lewis**, *Coordinator, Big Ocean*  
*Financing the Human Dimensions of LSMPAs*

The presentation discussed the evolution/growth of large scale marine protected areas from 3 to 32 (covering 16.6 million km<sup>2</sup>) and the development of a peer learning network of LSMPA managers. A recent survey has highlighted the growing need for communication between managers and support in capacity to participate in financing and policy discussions. The Big Ocean Network is the only peer-learning network created 'by managers for managers' (and managers in the making) of large-scale marine areas. Since its inception in 2010, our network has grown from six to 17 sites. Members are the large-scale MPAs as represented by their management teams. Big Ocean's focus is management and best practice, which is vital to the future of the field. Their goal is to support each other and the growing field of large-scale MPAs. Their purpose is to develop and enhance the professional standards of practice, and long-term, effective management of large-scale marine areas.

**Leanne Fernandes**, *IUCN* and **Rosalie Masu**, *Deputy Director, Inshore Fisheries, Solomon Islands Ministry of Fisheries and Marine Resources*  
*Why we need sustainable sources of ocean financing – examples of current work and future needs*

Pacific Island Countries (e.g. Fiji, Solomon Islands, Tonga, Vanuatu) are leading the world in their efforts towards more effective, integrated and holistic management of their ocean. They are preparing or have prepared national Ocean Policies that cut across the usual Ministerial and bureaucratic jurisdictional boundaries. Their Ocean Policies can and will allow for better coordination, cooperation and streamlining of ocean activities and their management. In addition, countries are optimising the use of their sea with ocean-wide marine spatial plans including, but not limited to, significant nation-wide networks of ecologically representative marine protected areas. This work is important to ensuring the ocean future for Pacific Islanders.

However, the level of government revenue, to match this upscaling of management effort, does not automatically increase when new, important initiatives such as these are implemented. Many countries are aiming to optimise the application and use of existing compliance, institutional and performance management resources and systems. However, some argue that these are not as effective as they should be, right now.

In this case, marine resource management in general and new, innovative and more effective management systems (e.g. marine spatial plans or national MPA networks) would all benefit from an upscaling of sustained sources of resourcing. Finding sustainable ocean financing solutions that suit PICTs to support ongoing implementation of existing and new integrated ocean governance mechanisms is critical and urgent.

Marine protected areas are a critical tool in preventing biodiversity and habitat loss and ensuring the sustainability of critical ocean resources. Large-scale Marine Protected Areas (LSMPA) are defined as protected areas or networks of protected areas that cover more than 100,000 square kilometres. LSMPAs are instrumental in meeting agreed targets, such as the setting aside of 10% of marine and coastal areas for protection, as specified in Aichi target 11. While LSMPAs

bring singular benefits, they also pose unique challenges. Key among these is the financing required for effective management of LSMPAs. The objectives of this project are to critically analyse existing LSMPA finance and to develop guidance on the best practices for LSMPA finance. The project is ongoing and the early results of the desktop analyses of ten examples of LSMPA finance were presented. These are summarised here:

- The most commonly employed financing mechanisms for LSMPAs are government budget allocations, tourism fees, and donor-supported conservation trust funds.
- Diversity of reasonably advanced financial portfolios only combine two or more of these mechanisms, and the current financial portfolios of even the most veteran sites remain heavily reliant on government resources and tourism.
- Innovative mechanisms have no track record in the LSMPA genre.
- Fully funded budgets were not reported by any LSMPA.
- Dedicated and well-resourced financial planning and development stages appear to be strongly correlated to overall strength of a given LSMPA's financing portfolio.
- Many existing financing mechanisms are inviable due to legislative, regulatory and geographic contexts.
- Most existing and emerging financing mechanisms have been developed for smaller-scale sites, and have no proven scalable for vast ocean sites, which require a level of political will and relationships that are not always present or are challenging to develop.
- Development of robust funding and distribution mechanisms is challenged by insufficient capacity (or a lack of investment in local capacity) at the local level.

Future project work includes the development of three detailed case studies and LSMPA finance guidance documents.

**Small-Scale Community-Managed Marine Area Finance (MMA Finance) Project<sup>3</sup> - Anton Gigov** *on behalf of consortium: WWF Pacific (Kesaia Marama Tabunakawai, Jacqueline Thomas, and Francis Areki), Anton Gigov (Ikigai Advisors), and Paul Chatterton (WWF Finance Lab - WWF Austria)*

The Pacific Ocean Finance Program funded a research project to develop replicable mechanisms to finance community-managed marine areas. The objective of the project is to develop three finance mechanisms that are each replicable across twenty small-scale community-managed marine areas. Stakeholder consultations included a questionnaire with 100+ regional stakeholders; national workshops in Fiji and Solomon Islands; consultations with [10] communities in Fiji and Solomon Islands; and interviews with selected private sector players.

The consultations found:

- There are successful and replicable cases for financing CMMAs (e.g. trust funds, from private sector).
- Financial innovation often limited to establishing basic systems (governance, transparency, reporting etc.).
- Vast majority of CMMAs have internally set objectives, therefore enabling and empowering mechanisms more appropriate than financial incentives.
- Limited cash needed for marine management, revenues from natural resource usually used for community expenses (education, church etc.).

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<sup>3</sup> Pacific Ocean Finance Contracted Research Project



Three existing finance mechanisms were presented that can be evolved and refined to innovate how community-managed marine areas are financed. These are titled:

- Natural Capital Partnership.
- Blended Finance for Community Based Organisations.
- Island-wide/Provincial Mechanism and the work is ongoing.

### **Facilitated Panel Discussion: Pacific Managed Area Finance**

*Panel: Anton Gigov, Rhona Barr, Leanne Fernandes, Katy Mathias, and Coral Pasisi*

*Moderator: Riibeta Abeta, OPOC*

Discussion highlighted:

- Proliferation of policies working in the same space – the Oceanscape aims to bring all the stakeholders – development and conservation – together.
- The Ocean Commissioner and OPOC's position is critical in bringing resources and efforts together across the region (reference to the OPOC website/portal).
- Isolating ocean finance does not achieve the mission. Important to establish integrated arrangements for ocean financing that build on lessons learned. In addition, when talking about sustainable ocean management and the blue economy, integrate private sector and production-oriented components with equal rigour as conservation components.
- Participants noted that the 2050 Strategy for the Blue Pacific Continent addresses the key priorities identified by the leaders which cut across the ocean, working in progress that aims to bring together the various ocean policies/strategies.
- What are the opportunities for climate financing? This includes restoration of coastal areas and leveraging mitigation carbon financing in countries with larger blue carbon-rich habitats. It is noteworthy that climate financing is difficult to access and that single groups cannot access the climate finance alone.
- Green Climate Fund (GCF) – climate financing is extremely relevant to the ocean environment; increasingly recognised that environmental pressures need to be addressed to meet the 1.5 goal. GCF is very young and therefore has limited expertise in ecosystem-based adaptation. Countries should therefore become involved in shaping the GCF financing policies - put forward your needs and help design the climate financing policies in this space to ensure you are able to access the available funds to deliver what you need.
- Need people – development finance will not fund this sustainably, but the first incremental cost of CC is people – those funds will need to come from the climate finances. Countries should argue that climate finance should fund the necessary government and community capacity required to do the work needed. Otherwise have money but no people to carry out the work.
- Should regulations be stepped up to help generate revenue from e.g. levies and use fees to help fund LSMPAs?
- MACBIO has prepared papers outlining how LSMPAs work and how they contribute to the protection of the ocean ecosystem.
- Are MPAs a short-term solution – as we move to EEZ type management, MPAs will become more integrated into the system to reach a different level of sustainability. Therefore, not looking for financing into perpetuity for MPAs?
- Talk about marine spatial plans not protected areas while recognising that conservation will also be important and should be adequately budgeted – where should the financing come from. Levies and taxes? Large Scale MPAs can help to leverage resources into the region and hopefully have co-benefits at smaller scale.

### **Pacific Ocean Finance Fellow Presentations**

**Amelia Faotusia**, *Pacific Ocean Finance Fellow – Tonga*

*Sustainable financing mechanisms for the implementation of the Special Management Area Programme for community inshore fisheries management in Tonga*

Inshore coastal fisheries remain a vital source of food security and income for communities in Tonga. The on-going Special Management Area (SMA) Programme in-country is one of the first major and on-going initiatives advanced via the Ministry of Fisheries in support of nation-wide driven community-based management of coastal fisheries and eco-systems.

The SMA Programme involves the establishment of community based and managed Marine Protected Areas: one for each coastal community that is interested to establish one, and such MPA is named and called a Special Management Area. Each SMA is fully controlled by respective coastal communities and is implemented via respective SMA management committees that comprise leaders of the respective communities with SMAs, including representation from the Ministry of Fisheries. The committee is responsible for making decisions on behalf of the community on the limits and size of the SMAs, including the size of the SMA's no take zone, take zone, and the types of activities undertaken within the SMA. Given the oversight by the Ministry of Fisheries over the SMA programme, SMA management committees are responsible for reporting progress of the SMA to the Ministry of Fisheries on a quarterly basis, including the submission of relevant data from on-going monitoring of the SMA.

The SMA programme is becoming increasingly popular as communities become aware of the benefits SMAs provide in the long term, particularly in support of preserving fish stocks and enhancing community ownership of inshore marine eco-systems. Given the on-going expansion of the SMA programme to cover all coastal communities in Tonga, it is timely and important to consider potential financing mechanisms that could be applied in support of the sustainability of SMA implementation in Tonga. Financing mechanisms that provide long-term and sustained resourcing for the establishment, monitoring and administration of SMAs will secure the long-term sustainability of the ability of the Government (via the Ministry of Fisheries) as well the communities themselves to implement and sustain SMAs.

The project will focus on exploring potential financing mechanisms for SMA-oriented/relevant initiatives as well as undertake a perceptions survey focusing on three selected SMA sites, one from each of three major island groups of Tonga: Tongatapu (main island), Vava'u and Ha'apai (outer islands).

**Presley Kokwaiye**, *Pacific Ocean Finance Fellow - PNG*

*Economic diversification of community managed marine protected areas: A Business model for Anagusa Island, Milne Bay Province, Papua New Guinea*

Economic diversification of community managed marine protected areas: A Business model for Anagusa Island, Milne Bay Province, Papua New Guinea

This project aims to establish a community cooperative business model that would increase revenue for the 150 plus Anagusa Islanders in Milne Bay Province of Papua New Guinea. Since 2016 the community has established a community managed marine protected area (MPA) known as Gwala, which means setting aside certain areas as protected areas to allow the ecosystem to recover. The Anagusa Islanders are currently reaping the benefits from their Gwala in terms of catching big size fish and harvesting other seafood from designated fishing areas.

The fish and other seafood are meeting the food and nutritional requirements of individuals and households. However, there are no established economic activities on the island to support the cash requirements of the community, especially in terms of increasing revenues for supporting their livelihoods. Hence through this project, different revenue streams would be identified including the opportunity to earn regular cash income from eco-tourism related activities. The focus is on promoting eco-tourism because the island can offer tourist important ecosystem services such as bird watching, caving, sport fishing, scuba diving and snorkelling, sailing traditional canoes, traditional cuisines among others.

The approach that will be taken to develop a business plan for the islanders will be to conduct a short survey exercise with key stakeholders such as the Anagusa Islanders, Milne Bay Tourism Bureau, Milne Bay Provincial Fisheries and the National Tourism Promotion Authority among other stakeholders and clients. The survey is vital to collect data on local socio-economic conditions, revenue sources, provincial tourism and country level tourism.

**Martin Pine**, *Pacific Ocean Finance Fellow - Kiribati*

*Tourism in the PIPA islands as a financial mechanism for Marine Protected Areas in Kiribati*

Kiribati people rely heavily on marine resources for subsistence living and commercial activities. Over the years, there has been over exploitation and unmanaged use of these resources that need immediate action. Sustainable management requires adequate financing sources. Tourism in the Phoenix Islands Protected Area (PIPA) is considered relevant to generate income that will finance Marine Protected Area all over Kiribati.

Phoenix Islands Protected Area is now popular around the world and there is high expectation of tourist coming to these remote islands. This project will explore the range of tourism related revenues that can be generated in PIPA including entrance fees, activity fees, cruise ship levies, and public private partnerships that can contribute to a comprehensive financial mechanism to raise funds that will continue to provide sustainable management of Marine Protected Area around the islands of Kiribati.

### Session 3: Scaling-up SDG Resource Mobilisation

**Objective:** Identify the status and opportunities to improve resource mobilisation for the Sustainable Development Goals (SDGs) including SDG 14

**Expected Outputs:**

Recommendations to improve and scale-up resource mobilisation for SDG 14 in the Pacific Region

**Jeremy Hills**, *University of the South Pacific*

*Assessment of Past and Future Ocean Initiatives and Investment in the Pacific region*

Ocean policies in the South Pacific are well developed but there is negligible knowledge of the overall portfolio of initiatives and investment. To assess past and future ocean-related activities in the Pacific region for refining future priorities, data for 14 Pacific island countries and territories was collated on (i) development-financed ocean-related projects active from 1997 to 2017, and (ii) Voluntary Commitments from the United Nations Oceans Conference of 2017.

Across the 14 studied countries, there was a disjuncture between development-financed regional projects led by Intergovernmental Organisations and the predominantly government-led and single-country Voluntary Commitments. Projects supported by development finance in the Pacific region had a very narrow range of SDG14 targets, while the SDG14 targets of the Voluntary Commitments were much more widely spread over these targets. SDG14 in the Pacific is specifically as a catalyst for transformative change which requires shifting investments towards more innovative, self-sustainable and paradigm-changing mechanisms.

The presentation highlighted the need for countries to learn from the climate financing readiness and CPEIR processes when developing mechanisms to strengthen oceans investment. There

is urgency to develop closer linkages between policy and investment; ensure better targeting of investments; and focus on improved absorption.

**Jose Antonio Pedrosa Garcia**, *Economic Affairs Officer, UNESCAP*  
*Enhancing Financing for Sustainable Development in SIDS through their Blue Economy*

Financing sustainable development is a major constraint in many small island development states (SIDS). Given their intrinsic characteristics and narrow economic bases, access to external private financing such as foreign direct investment (FDI) is limited, so SIDS tend to rely heavily on overseas development assistance (ODA) and remittances. They are also very vulnerable to climate change and often suffer devastating natural disasters, which translates to high fiscal volatility, and therefore very limited fiscal space for the large investments needed to implement the 2030 Agenda.

To tackle the sizeable financing for development needs of SIDS, the sustainable management of sectors such as tourism or fisheries can bring great benefits. For instance, in 2017 the Pacific saw a record of overnight visitor arrivals (3 million). While tourism receipts as a share of exports is already important for countries such as Fiji, other SIDS such as the Solomon Islands still have large untapped potential. In the fisheries sector regional cooperation has demonstrated its great potential. For instance, fishing license fees doubled between 2012 and 2016, primarily due to the success of the parties to the Nauru Agreement (PNA). This presentation shared an analysis on how the blue economy can further enhance resource mobilisation for sustainable development in SIDS. The analysis focused on fisheries and tourism sectors.

It was highlighted that fisheries and tourism have untapped potential (that will likely be tapped) for SIDS' FFD. The development and management of these sectors must be sustainable and regional cooperation can help: many successful examples (PNA, PIFS...) though others less so (PIASA?). It is up to the countries to make conscious choices on which model they will pursue.

**David Meyers**, *Executive Director of the Conservation Finance Alliance*  
*Overcoming Barriers to Scaling Ocean Finance*

The combined pressure on ocean environments from climate pollution, coastal development, poor waste management, overfishing, and other actions has resulted in an increasing need for strengthened ocean governance and sustainable management. This presentation discussed how through understanding four types of challenges to scaling ocean finance – Structural, Regulatory, Informational, and Innovation – insights into solutions can be identified. Structural challenges can be addressed through leadership, allocation of use rights, blended finance and others. Regulatory challenges can be overcome through a range of tools – mostly based on “user and polluter pay” – all underpinned by good governance. Information and Innovation challenges are addressed through education, science-based decision making, land and seascape planning and a range of finance mechanisms. Overall, a system thinking approach is key to understanding the challenges and opportunities of scaling ocean finance.

### **Tour of the Shangri-La Marine Protected Area**

The Shangri-La Fijian Resort has established a marine protected area around the island of Yanuca, on which it is based. This includes a coral garden and an education programme. Participants visited the education area and spent some time in informal discussions with the resort's staff.

Thursday 14 November

Session 4: National Ocean Finance and Resource Mobilisation

**Objective:** Explore the status and opportunities to improve ocean finance for individual Pacific Island Countries

**Expected Outputs:**

One-page ocean finance snapshot completed for each of the countries that have a representative attending the conference

### Day summary

National Ocean Finance and Resource mobilization was the topic of the fourth day and the objective was to explore the status and opportunities to improve ocean finance for individual Pacific Island countries. There was also a presentation on taxes and subsidies in light of the Pacific Ocean Health Project. The later sessions were dedicated to presentations by Pacific Ocean Finance fellows from the Federated States of Micronesia, Samoa and the Cook Islands.

The session was introduced by Dr Melissa Walsh who highlighted the *four actions of ocean finance (Generate, Invest, Align and Account) in the context of the Pacific islands.*

### Country Finance Profiles

**Tonga. - Mr Aholotu Palu, Pacific Islands Forum Secretariat**

The recently completed draft Tonga Ocean Finance Profile was discussed with a focus on the processes involved.

#### Key points

- Ocean finance is an emerging issue and there is a need for deeper conversation on what this means to different groups of people.
- The Tonga process looked at gaps, weakness and what opportunities exist in terms of generating revenues domestically and where the money comes from
- Is there any capacity in the country to generate revenue or will funds need to be raised through (for example) taxes?
- Important not to impact on the domestic revenue/income of the people
- Mainstream into planning, budgeting and into vulnerability assessments
- Climate change is in country policy but is not budget allocations – need to be able to integrate ocean priorities into climate change finance

### Country Group Activity

Participants worked in small groups throughout the day using guided questions to explore ocean financing from the country perspective. It was clarified that this was a learning session aimed at encouraging ideas and discussion. Completed country questionnaires are attached as an annex to this report. Brief reports were presented at the end of the day.

#### Key points

- The need to reach out to all stakeholder including ICT, communities, the different government agencies, so all work together.
- There is no general “one-stop” ocean coordinating body (with a few exceptions).
- Identify and build on what is already there, scale up existing opportunities and investments.

- For some countries, existing funding sources are not well known while for other list of funding sources exist but there is a need for financing mechanism portfolios.
- Revenue is being generated already from the ocean, but this is not necessarily being channelled to ocean management/seascape work.
- Revenue generating ideas range from green taxes through small scale eco-tourism/eco adventure type activities to targeted high end markets.
- Sustainable investment strategies needed – identify and remove subsidies that encourage harmful practice.
- Continue to improve on economic evaluations and tailor these to enable donors and partners to understand.
- In some cases, there is good economic data but need more ecological data.
- Ocean related finance could better be tracked /accounted for by tagging relevant inflows.
- Marine Spatial Planning is essential/integral to ensure all stakeholders are considered.

*See Appendix 1 for all session 4 workbooks.*

**Taxes and Subsidies Relevant to Pacific Ocean Health Project - Sally Wyatt** *on behalf of consortium Sapere Research Group (Sally Wyatt and Kieran Murray) and Vertigo Lab (Clementine Agada and Thomas Binet)*<sup>4</sup>

Sally Wyatt discussed the findings of the Pacific Ocean Finance Programme funded project, which aimed to identify how taxes and subsidies create economic incentives that are aligned with, or pose a risk to, Pacific Ocean health. The full presentation is available at the link provided.

### **Key points**

- Taxes and subsidies play different roles in ocean finance – they can encourage good practice (directing funds to ocean-positive activities or removing subsidies that encourage harmful practices); raise government revenue that can be channelled to ocean-friendly activities and investments; and encourage accounting for financial investments.
- Various factors determine how well taxes and subsidies can be applied in a national situation, with the actual goal of tax or subsidy being key.
- Social acceptance (or the purpose of the tax) and high degree of trust in the government by the tax paying community is needed.
- Need to consider all impacts and effects (of imposing the tax or subsidy).
- Some options/opportunities for PICs identified are:
  - eliminate harmful subsidies.
  - beneficiary pays – national-scale tourist levies, tonnage fees, resource rent taxes
  - waste / border taxes.
  - pollution levies / self-insurance for pollution risk.
  - low-cost ‘nudge’ subsidies like Fishing for Litter.

### **Remarks by A.J. Glauber, World Bank**

Dr Glauber highlighted the work of World Bank in the area of ocean finance and its focus on scaling up the work they are doing. WB has a 4 billion-dollar programme in the Pacific focussed on environment and Blue economy which is important to that Budget.

Funding is done through loans with Agencies, in the Pacific, including CROP agencies

Clean water and SDG 14 are some areas of interests. Others include:

- Blue bond and green bond in Fiji.
- Pro blue fund financing for fishers, agriculture, sustainable development of key ocean programmes.
- Since 2016 – through CROP – FFA the current programme (CROP – 20 years plan).

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<sup>4</sup> Pacific Ocean Finance Contracted Research Project

## **Pacific Ocean Finance Fellow Presentations**

**Alissa Takesy**, *Pacific Ocean Finance Fellow - FSM*

*Updating and Aligning the FSM Protected Areas Network's Sustainable Finance Plan to the Micronesia Challenge 2030 Targets*

The Micronesia Challenge is a shared commitment by five Micronesian governments – (FSM), Republic of the Marshall Islands, Republic of Palau, Commonwealth of the Northern Mariana Islands, and Territory of Guam – since 2006 to effectively conserve at least 30% of near-shore marine resources and 20% of terrestrial resources across Micronesia by 202.

To sustain these conservation targets, the MC Business Plan and Conservation Campaign was developed to lay out the sustainable finance roadmap for these five MC jurisdictions to mobilize resources in maintaining the MC Endowment Fund in perpetuity. The FSM National Government and its four State Governments have raised over USD\$6 million towards its USD\$29 million financial target of the total USD\$55 million MC pot.

Since 2006, the FSM and its States have made significant policy, legislative and management progress towards the MC. Recently FSM National and State Leaders joined their fellow Micronesian Islands Forum (MIF) Leaders re-committing and expanding on their MC commitment under the Micronesia Challenge – MC 2030 (24<sup>th</sup> MIF Joint Communiqué) by updating targets aligned with jurisdictional priorities in relations to the United Nations 2030 Agenda for Sustainable Development Goals.

It is the intent of this project to apply the fourth pillar methodology (accounting) of the ocean finance profile by focusing on a component of the FSM's ocean governance to improve its capacity at ocean finance and management. The FSM Fellow will collaborate with the FSM National Support Partnership (NISP) Signatories to review the accounting metadata on protected areas networks (PAN) and update this accounting status to provide guidance on re-aligning FSM's commitment towards the Micronesia Challenge – MC 2030.

**Danita Strickland**, *Pacific Ocean Finance Fellow - Samoa*

*Mapping of ocean revenue and spending*

The Samoa Ocean Strategy, outlining its ocean priorities for the next ten years, is being developed to improve coordination between all users of Samoa's ocean space. However, with over 10 thematic areas, 15 key strategies and numerous actions to achieve the Vision of the ocean will require financial investment to support the implementation and sustainability of efforts.

This project aims to assess the current status of ocean financing in Samoa. Specifically, the assessment will identify the finance status for each thematic area prioritised in the Strategy and additionally, assess possibility to enhance current mechanisms and explore new mechanisms that can better support thematic areas under-funded or areas that fall outside of traditional funding avenues or development partner requirements.

This project would improve sustainability of the strategy by addressing a gap in funding source and priority mapping for Samoa. Successfully executed, the project would better inform ocean financial strategies to ensure sustainability of efforts in Samoa's ocean space whether to conserve or to develop.

The project will rely on gaining access to national data on national budgets, aid and coordination information with development partners as well as willingness of key stakeholders from private sector, individuals to government public servants to engage in conversation and data sharing. Interviews, workshops and focus groups will be carried out in both islands of Upolu and Savaii.

**Mary McDonald**, *Pacific Ocean Finance Fellow - Cook Islands*

## *A sustainable finance plan for funding core costs of an environmental NGO in the Cook Islands*

Te Ipukarea Society (TIS) is an environmental NGO based in Rarotonga and was established to promote harmony between the people of the Cook Islands and their environment. The project aims to develop a sustainable financial plan for funding the organisation's core costs. Due to its role as environmental watchdog, TIS must remain independent of government and corporate financing and is often reliant on project funding which rarely covers staff time or other operating costs.

Limited financial support is available through membership fees, donations and the TIS Mana Tiaki initiative which seeks tourist donations via donation boxes at airport and at various retailers generates. This amounts to roughly NZD\$6,000 per year.

Sustainable finance mechanisms are needed to be able to provide staff security of contracts for more than 12 months at a time.

The project will look to address the following questions:

- What are the core costs to be covered?
- How are other NGO watchdogs in the region covering these costs?
- Are there any best practices?



Friday 15 November

### Day summary

The final day focused on Private Sector Ocean Investments, with the main objective of articulating the specific opportunities to engage the private sector in Pacific Ocean finance. The keynote speaker was Simon Dent, Director of Blue Investments, Sustainable Ocean Fund. He discussed three areas critical to ocean health –sustainable seafood, a circular economy and conservation sectors. Following this, there were seven presentations on various aspects of private sector ocean investments in the Pacific. The last of the presentations from Pacific Ocean Finance Fellows from Fiji, Niue and Vanuatu were given. The day ended with group discussions and feedback and acknowledgement of the organizers, funders and all who took part.

**Keynote Speaker #3: Simon Dent, *Blue Investments Director, Sustainable Ocean Fund, Mirova Natural Capital***

Simon Dent introduced the Sustainable Ocean Fund which was set up in July 2018. It invests in scalable businesses that use the ocean sustainably. The focus is on three areas critical to ocean health – the sustainable seafood, circular economy and conservation sectors. The aim is to deliver strong financial returns and measurable environmental and social impacts that contribute to long-term ocean health. A number of successful investment programmes were highlighted and are detailed in the presentation. Underlining the urgency for action, at the end of his presentation, Mr Dent advised the group that 250 tonnes of plastic had entered the ocean during his presentation (more than 8 million tonnes a year).

### Key points

- The ocean has been subject to underinvestment, despite that it's a large asset – a 24 trillion-dollar asset base (WWF).
- Five times more carbon stored is stored in mangroves than in forests.
- Investment focus is on high growth companies within the sustainable blue economy with an investable business plan.
- Companies need to have an excellent management team and local stakeholders with experience and willingness to embrace sustainability in the project outcomes.
- Focus on start-ups as well as established business opportunities.
- A high value product or business with a real, demonstrated and resilient marketplace.
- Clear enabling conditions in place to deliver project and create scale.
- Government and State support through for example concessions, quotas or co management agreements.
- Only invest in businesses that share the Fund's values in terms of environmental, social and governance outcomes.
- Minimise adverse impacts and enhance positive effects on the environment and all stakeholders.
- Promote Best Practice and Certification.
- Recognise and promote the social development & livelihoods.
- Report and monitor regularly on project KPIs for impacts and environment.
- Promote long term sustainability of businesses after Fund's exit.
- Separate environmental, social and corporate governance (ESG) and Investment team make decision about potential businesses.

Discussion highlighted the following:

- Looking at how we can add value and transfer some of the investments being made into other regions. The ocean enables connectivity and transferability – looking at ways of bringing equities and investment into the region.

- Is there a component of the Fund that feeds money into research on Bioprospecting and how this benefits the people? We are an investment fund looking for some returns, therefore looking at larger scale activities – e.g. fishing cooperatives with 150- 300 fishers, supply chain, refrigeration, etc. We are trying to scale up NGO pilots and ensure fairness of return. Always looking to make sure the stakeholders are involved in and share in the project.
- Investment on land is one of the best ways to invest in fisheries – the supply chain is very important – investment in refrigeration, traceability, data apps, landing and selling fish, etc.
- The Althelia business model is differentiated from larger scale institutions such as the International Finance Cooperation as it is much smaller in scale (10 M ticket) – it sits between NGO and grant based programmes and the larger scale funding programmes; looking at very specific types of cooperative type projects in a quicker private capital way.
- Many PICs needs are capacity related in terms of finance management.

**Dominique Benzaken**, *Senior Policy Expert (blue economy, ocean governance and islands), Australian National Centre for Ocean Resources and Security*  
*Investing in sustainable blue economy: the role of private sector finance*

There is growing awareness of the role of the oceans in food security, economic activity and human well-being. With increasing threats to ocean health as a result of unsustainable practices, there is a renewed interest in better approaches to the protection and sustainable use of oceans worldwide. Some of those efforts have taken place under the banner of 'blue economy' and the Sustainable Development Agenda 2030. SDG17 features finance and the role private sector investment to deliver and scale up innovative solutions towards achieving measurable sustainable development outcomes including SDG 14 on oceans. The presentation discussed the status and pros and cons of financial instruments such as bonds, lessons learnt from case studies and discusses opportunities and challenges for their application for blue economy in the Pacific region. Recent consultations in the region have identified the need for fiscal strength/good credit ratings, strong governance and economic and fiscal reforms as barriers to encouraging investment.

Discussion highlighted the following:

- The Chambers of Commerce in most countries have business planning support to private sector but don't necessarily have the sustainability aspects.
- One of the key resources for is the readiness funds for financing – from the GCF there is up to 1 million per year for each country.
- The land tenure system in the Pacific poses significant challenges in attracting investment in the region as it is difficult to offer the kind of security that investors need.

**André Aquino**, *World Bank*  
*Supporting an enabling environment for private sector financing*

The presentation discussed some of the ways through which an enabling environment can be developed for private sector financing. The World Bank uses the term "transition to the blue economy" and defines blue economy as a sustainable ocean economy (deep sea mining is not blue economy). WB focus is on knowledge management and innovation, developing an enabling environment (governance, fiscal and financial regimes) and public and private investment with cross cutting areas of gender and climate change.

The cost of transition for Mauritius was established to be around USD600 M per year – this is significant for a small island economy. Therefore, private sector financing must be leveraged. Coordination is a challenge – there is no "ministry of ocean" and policies are determined by

sectoral agencies. In Brazil, a group of NGOs has created a blue financing platform – a vehicle that brings together the findings of BE- private.

**Jennie Dean**, *Program Director, UCLA*

*A decision matrix to evaluate comparative potential of blue industries*

Governments worldwide are looking to develop their Blue Economies as a way to achieve both sustainability and economic growth. The broad nature of the Blue Economy, encompassing industries ranging from sustainable fisheries to tourism, necessitates a framework for prioritisation of investment. The presentation discussed a methodology for evaluating the expansion potential of three blue industries – aquaculture, fisheries, and ecotourism – that can help to guide investment and blue economy planning. The authors drew upon case studies from the Pacific region, interviews with experts and an analysis of global market potential to develop an opportunity matrix that evaluates the three industries side-by-side in terms of economic potential, sustainability and feasibility of expansion. The output is a prioritised list of potential actions to expand a nation's Blue Economy. This work is part of the Blue Prosperity Coalition.

**Torsten Thiele**, *Founder, Global Ocean Trust*

*Leveraging blue natural capital for sustainable economic development*

Lack of capital is the main obstacle to reaching global conservation targets. From the estimated need of USD 200 – 300bn per annum, only around USD 50bn are currently available, stemming mostly from philanthropic and public sector sources. Closing this gap requires new approaches that bridge the finance gap through tying the private sector into the transition towards a sustainable blue economy. IUCN's Blue Natural Capital Financing Facility (BNCFF) is such an initiative that generates private sector investment opportunities. Lack of these is the single most widely used reason hindering this sector's participation. The BNCFF supports project developers and businesses in coastal regions that combine for-profit activities with conservation to become bankable and thereby financially self-sustaining. Support comprises expertise and/or funding and is tailored to each project's needs. This helps promising blue economy endeavours to become successful and useful blueprints that inspire others to follow the path towards a sustainable blue economy.

**Jodi Smith**, *Partner, Matanataki*

*Businesses in the Pipeline for Matanataki*

The presentation discussed a blended finance approach to protection of the Great Sea Reef in Fiji. Matanataki = Action. A consortium which identifies businesses for investment with a positive environmental impact. For the Great Sea Reef, USD 30 M being sourced from GCF while USD 75 M needed from other investments. Matanataki is identifying areas for investment which cover a range of sectors which include regenerative agriculture, forest reforestation, sustainable fisheries, renewable energy, wastes and plastics and ecotourism. The presentation shared a number of successful investments from Fiji and other areas which have supported start-ups and community cooperatives through partnerships and support to marketing and value chain considerations.

Discussion highlighted

- The need to provide support to developing businesses

**Ahmad Ali**, *Tourism Planning Officer, Sustainable Tourism Development, Pacific Tourism Organisation*

*Sustainable Financing and Partnerships for Ocean Tourism*

As large ocean states, the Pacific's tourism offering is predominantly marine, or ocean based. The future direction for tourism in the Pacific is underpinned by development that ensures the economic, environmental and socio-cultural sustainability of destinations and resources. The establishment of the Sustainable Tourism Programme at the Pacific Tourism Organisation in 2017 attests to the commitment of the Pacific island countries and territories to the right type of tourism for our region. Tourism has been the only economic sector to have grown consistently over the last five years and a 3% average annual growth is expected. While the future looks bright in terms of tourism opportunities, stronger commitment is required in the effective management of tourism activities impacting our oceans.

Tourism development is mostly under resourced in most PICTs, hence the need to strengthen partnerships necessary for the delivery of concrete actions to benefit PICTs. At the same time tourism can be the platform to drive positive change in ocean resource management. Finding the right financing models that support public-private-people partnerships is essential. A pilot project in Fiji to innovatively mobilise resources for shark conservation and research was implemented at the village of Galoa. With a community component which provided support to addressing plastic pollution whilst generating community livelihoods, this intervention could potentially benefit other communities and countries in the region. Equally important is the need to clearly define roles and responsibilities of stakeholders, determining the right fit for private sector and communities who are essential to sustaining the growth of tourism into the future.

### **Facilitated Expert Debate: Is private investment in oceans limited by funding or investible projects?**

*Initiating Panel: Dominique Benzaken, André Aquino, Torsten Thiele, Jodi Smith*

A structured, participatory and lively debate session involving the entire conference team was held to help stimulate discussion and thinking.

The question: *In the Pacific is region are private sector ocean investments limited by money or by the pipeline of investible projects?*

#### **Key points**

- This transition to BE we are talking about deep fundamental change – e.g. shipping industry – where is the money for this
- There is a mismatch in the scale of finance – the investors want a deal big enough so there are less transaction costs, high returns and social, environmental benefits – these are a challenge to find.
- A lot of the transition to BE is about global public good. We have very few instruments
- The GEF capitalisation is decreasing; GCF pledges but huge gap
- Dollars per capita, there is loads of money, but what are the dollars per km sq.?
- Is the money we have being used efficiently and wisely
- Who pays for what and who get returns on what – public versus private?
- Our needs do not make a project – our investment needs to have a return – the money needs to provide a return – the challenge is translating the needs and ideas into investible propositions. Otherwise cannot access this money.
- Negative interest rates because money is not being deployed effectively
- In our region we need to get to the point of thinking about the environment, waste, etc as opportunities and investable ideas.
- When looking at what private sector ocean investment is, we are not just looking at large global funds but need to consider that 80% of the business sector already operating in the Pacific Ocean environment is mostly small-medium sized. Many of these businesses only require minimal input in order to change their business approach to a sustainable one

- Many small businesses can't access even small amounts of funds because of the administrative and logistical hurdles being too high/complicated and acting as a deterrent to many
- With the market chain, remote islands may not have a market – how to get the product to the market. Even with a great customer base, the supply of product may not be sufficient. Therefore, important to figure out the entire supply chain.
- Quality requirements must also be met
- Satisfaction is also a consideration – how can we invest money that can maximise not just economic returns but also other “soft” considerations

## **Pacific Ocean Finance Fellow Presentations**

**Emma Kabua-Tibon**, *Pacific Ocean Finance Fellow - RMI*  
*Evaluating Ocean Finance Solutions to Sustain RMI's Protected Areas Network*

Financial gap analysis for coral reef management and exploration of finance mechanisms such as Blue Fee

Coral reefs are degrading in the Republic of the Marshall Islands (RMI) particularly in the urban centres due to overexploitation of marine resources, excessive coastal development, marine pollution, and coral bleaching, which has dire consequences for the Marshallese people whose culture, livelihoods, and economies depend on a healthy ocean and coral reef system. These multiple stressors cannot be effectively addressed in isolation. Yet, RMI governance on ocean and coastal areas remains primarily sectoral with occasional overlap and conflict in legal/policy mandates. The need to manage fragmentation on ocean governance and source finance in order to address the various factors that are contributing to the destruction of RMI's coral reefs warrants the development of a new strategy for a more holistic approach and a cost-benefit analysis for a RMI Blue Fee. This project will entail stakeholder consultations, collection and analysis of information/data, reporting of findings and recommendations, and policy drafting.

**Obed Timakata**, *Pacific Ocean Finance Fellow - Vanuatu*  
*Sea cucumber management and incentives for sustainable livelihoods*

Overfishing of sea cucumber stocks worldwide has raised the importance of fisheries management in sustaining this industry because populations do not recover quickly (Uthicke, 2004). In many cases, both fishermen and exporters fail to realise the maximum value of the resource. Arresting the loss of valuable marine biodiversity requires linking conservation efforts with incentives for stakeholders to manage their economic livelihoods in an environmentally sustainable way. The island of Emae has recently made strides towards this process by pursuing an island-wide organic certification programme through the Pacific Organic and Ethical Trade Community (POETCom - the organic movement in the Pacific). However, organic certification per se may not contribute to improved conservation and positive livelihoods outcomes unless the attributes associated with good environmental stewardship are communicated effectively to sustainably add value for producers.

Our aim is to develop a suite of conservation based livelihoods activities, with an emphasis on those reaching vulnerable groups (women and those with special needs), which are linked under a participatory branding platform to demonstrably showcase the individual stakeholder's efforts to protect specific types of biodiversity. Innovative technology will be used to communicate these stories with consumers and certified suppliers. This represents a unique means to add value to local products and services that is scalable to the outer remote islands in Vanuatu and the Pacific at large.

With a medium to long-term plan to setup a revolving diversified fund that serves as a Conservation Trust Fund that seeks to provide grants for endangered wildlife protection, biodiversity conservation areas and seed impact investment for conservation enterprises. Whilst providing long-term reliable support for biodiversity research and conservation of biological

diversity to enable the sustainable utilisation of natural resources for climate change adaptation and medicinal research for prevailing global major health conditions.

Through this intervention, the communities on Emae and the Shepherd Islands will have improved financial incentives to nurture its biodiversity, resulting in a healthier ecosystem with both greater numbers and diversity of species over the long term.

**Apisalome Movono**, *Pacific Ocean Finance Fellow - Fiji*

*Sustainable marine custodianship through tourism: A case study of finance mechanisms and its potential to manage a Pacific Island Social and Ecological System, in the Coral Coast, Fiji*

Sustainable marine custodianship through tourism: A case study of finance mechanisms and its potential to manage a Pacific Island Social and Ecological System, in the Coral Coast, Fiji

The main aim of this fellowship project is to establish a firm platform with which to launch a road map for the implementation of resource use fees as a means to support conservation, climate change mitigation and adaptation in community or customary managed recreational spaces in Fiji. In essence, this project will shed light on its feasibility, particularly in a tourism related social and ecological system. Tourism has been acknowledged as the backbone and driver of development in much of the developing world, especially for island states.

This project is an attempt to explore the use of the “user-pay” principles as a means to finance conservation and ensure the sustainability of resources necessary for sustainable tourism activities. It will use a case study of an indigenous Fijian village and a relatively large-scale tourism resort as a means to understand the processes involved with the design and implementation of resource user fees as a natural capital monetization platform. Having effective mechanisms in managing customary areas are necessary to finance a package of management initiatives that are the prerequisite to attaining long-term sustainable development and align incentives of all actors.

The longer-term goal is to develop a tourism fee mechanism that can be used throughout Fiji. It's greater opportunity and intention is that the outcomes of this fellowship process will foster better practice and wider implementation at the district level also having the immense potential to expand further to include the wider provincial and national country-wide level.

## **Facilitated Panel Discussion: Challenges and Opportunities in Pacific Ocean Finance Revisited**

*Panel: Simon Dent, Kushaal Raj, Danita Strickland*

***Should we fix the small-scale things such as the ECAL or should we move to more innovative mechanisms such as the Blue Bonds?***

Fiji – ECAL is regulated by the Fiji Revenue Services and information on its use is publicly available. The use of the ECAL covers a range of activities mainly adaptation and infrastructure development. There is space also for Blue Bonds. There is aging infrastructure and shipping industry – blue bond specific to maritime sector. USD 500 M bond.

***We need to develop a pipeline of investor-ready projects – whose responsibility is it to fund that development of the projects and the technical capacity.***

Simon Dent – that is the hardest part – as an impact investor, the money I put in must show financial returns. Look at partnerships with governments, grants and blended opportunities

***What is the best way to support next generation of leaders and nurture capacity?***

Danita Strickland – in Samoa focus on STEM – need to also include this in the finance sector; global capacity is one thing but also need to work on retaining the capacity in the country and therefore need to build capacity of the

***How do we integrate ocean finance into climate finance, but climate finance is a large issue; is there a risk that by integrating, we will lose the perspective of the ocean?***

Coral Pasisi – win-win in terms of bringing together the resources; efforts are country driven and countries can use the climate financing available to help connect the various sources of finance. The readiness funds provide a congregation point for all the other donors and partners. ADB, WB, IUCN, CI, SPREP, SPC – are accredited to access all the climate funds and can help package ocean proposals with a climate focus. Capacity development in the Pacific region is completely different to other areas – climate finance should give countries the capacities to you have to invest in the

***The economy in the Pacific is highly dependent on foreign fishing license fees. PNA a success story but raising issues about how the money is being reinvested to help governments to support ocean management?***

David Meyers – this is a complicated issue; there are equity issues; these are global public good therefore public money should be spent to address this; where are the values being created by nature that we can capture the revenue off? Fisheries is one of the great ways to capture wealth from the ocean and countries need to look at opportunities to invest the revenue generated from the fishing industry to strategically invest in long term ocean management and this will differ between countries.

***Building on existing processes in place, could we think about auctioning the fishing days to other groups e.g. to conservation groups, etc and investing these funds?***

Rob Weary - can auction or consider voluntarily retiring some of the days. Sometimes you can sell them with conditions. There are wealthy donors out there looking to purchase these – take the funding and invest it in a sustainable trust fund to cover the losses.

***What is happening at the high level to address the interconnectedness of climate finance with other environmental issues including the ocean?***

- The idea is there and important at national level to know what you need and where the funds are a- country needs to be driving what it needs.

# APPENDICES

## Appendix 1: Session 4 Workbooks: National Ocean Finance

### **Introduction**

Session 4 is a workshop-style session that includes a small number of presentations and several small group discussions. All conference participants will be divided into small groups with one small group per Pacific Island Country. Each small group will include a nominated country representative, a Pacific Ocean Finance fellow, and other conference participants from that country. Participants who are not from a Pacific Island country are welcome to join any small group and respectfully contribute to the discussions. The small groups stay together throughout the day. Facilitators and moderators will float and assist groups as needed.

Throughout the day, each small group will explore the status and opportunities to improve ocean finance for one nominated country, leading to the completion of a one-page ocean finance “snapshot.” The snapshots will be made publicly available but are not intended to be country-endorsed documents because of the narrow stakeholder engagement. Further stakeholder engagement and validation will take place after the conference to use the snapshots to inform the development knowledge products around ocean finance for individual Pacific Island countries.

To explore and better understand the status and opportunities to improve ocean finance, this session will use the Pacific Ocean Finance Program’s ocean finance framework. The framework defines ocean finance as generating, investing, aligning, and accounting for financial capital to improve ocean health and governance. Each of the four actions of this framework will be the basis of a small group discussion (see Figure 1).

### **Small Group Facilitation, Recording, and Presentation**

The nominated country representative should facilitate the small group discussion throughout Session 4 (all day Thursday). The Pacific Ocean Finance Fellow can support facilitation as well. Moderators from FFA and PIFS - OPOC will be roving between groups to assist as needed.

Please nominate a rapporteur for your group. The rapporteur is requested to please

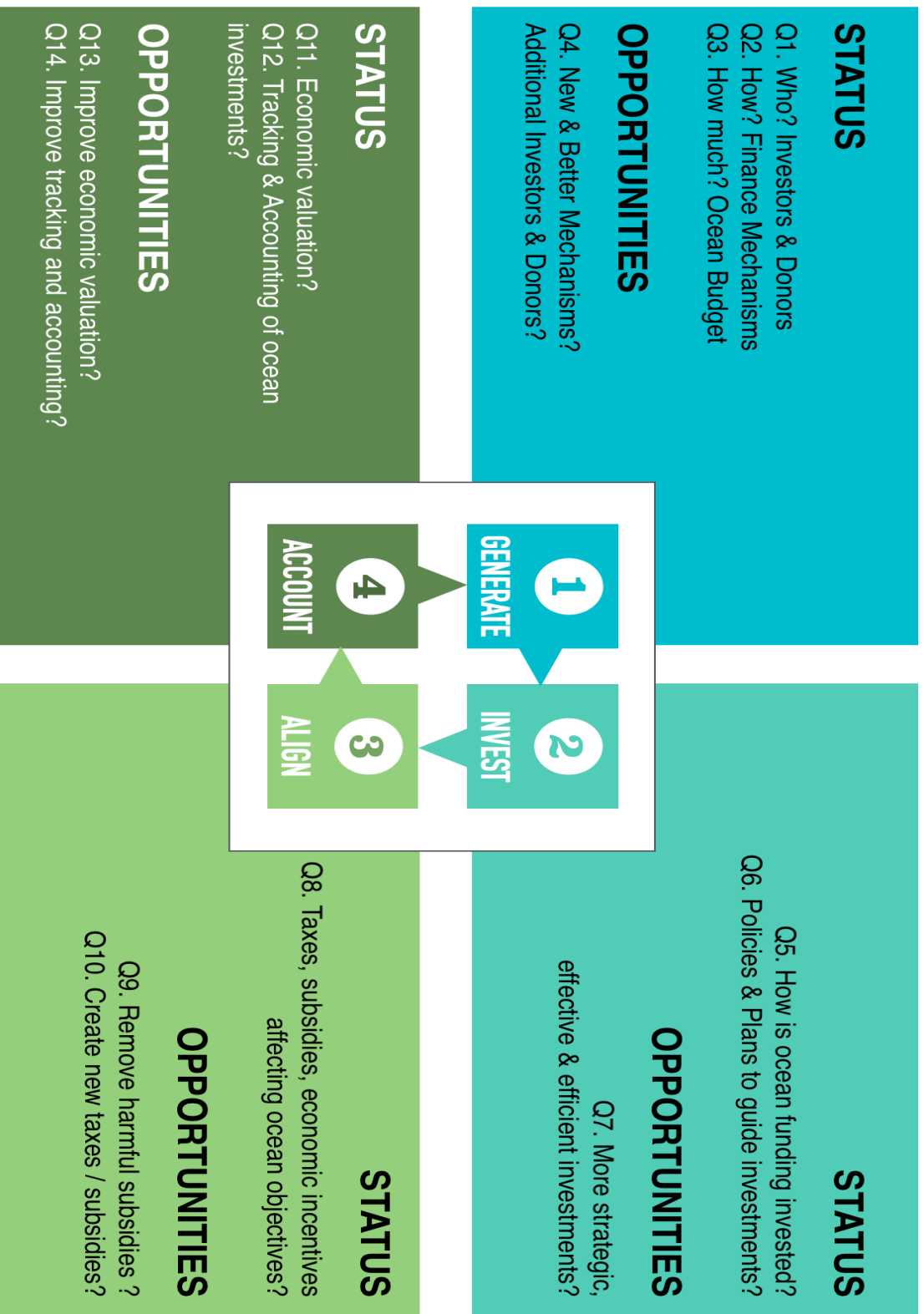
- 1) type notes from the group discussion in this word document and email the completed document at the end of the day to conference organizers.
- 2) complete the “snapshot” slide in PowerPoint (also downloadable on Meeting Pulse) by then START of morning tea and provide by USB stick to the presentation computer at the front of the room

### **Presentation**

No formal presentations are required. We kindly request that the nominated country representative report back to the group during the last hour of the day. The snapshot slide will be projected during your report. Please limit the report to 3-5 minutes total. This will require planning to make sure that the key messages from your group’s discussion are highlighted in a very succinct manner.



**Small group facilitation Questions:**



## Appendix 2: Pacific Ocean Finance Conference Participants' List

First Name	Surname	Email	Organisation
Ahmad	Ali	aali@spto.org	South Pacific Tourism Organisation
Aholotu	Palu	aholotuP@forumsec.org	Pacific Islands Forum Secretariat
AJ	Glauber	<a href="mailto:ajglauber@worldbank.org">ajglauber@worldbank.org</a>	World Bank
Alana	Richmond-Rex	omatafua@gmail.com	POFP Fellow - Niue
Alfred	Ralifo	aralifo@wwfpacific.org	Worldwide Fund for Nature Pacific
Alissa	Takesy	finpul691@gmail.com	POFP Fellow - Federated States of Micronesia
Ally	Jin	jally@spto.org	South Pacific Tourism Organisation
Amelia	Faotusia	vfaotusia@gmail.com	POFP Fellow - Tonga
Andre	Aquino	aaquino@worldbank.org	World Bank
Anton	Gigov	anton.gigov@ikigai-advisors.com	POFP Contractor - Community MMA Finance
Apisalome	Movono	movono_a@usp.ac.fj	POFP Fellow - Fiji
Arpana	Pratap	arpana.pratap@pidf.int	Pacific Islands Development Forum
Bridget	Kennedy	bkennedy@conservation.org	Conservation International
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**Pacific Ocean Finance Conference**

**11-15 November 2019**

**CONFERENCE EVALUATION**

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# Pacific Ocean Finance Conference

**11 -15 November 2019**

## FINAL EVALUATION

### Feedback tool

An online tool – Meeting Pulse – was used to encourage audience participation and feedback. While this worked for most, there were some glitches experienced.

Meeting Pulse was valuable as it allowed sharing of documents and other material during the conference. However, due to the size of many presentations, combined with delays in receiving presentations, it was not possible to share speaker presentations at an early stage.

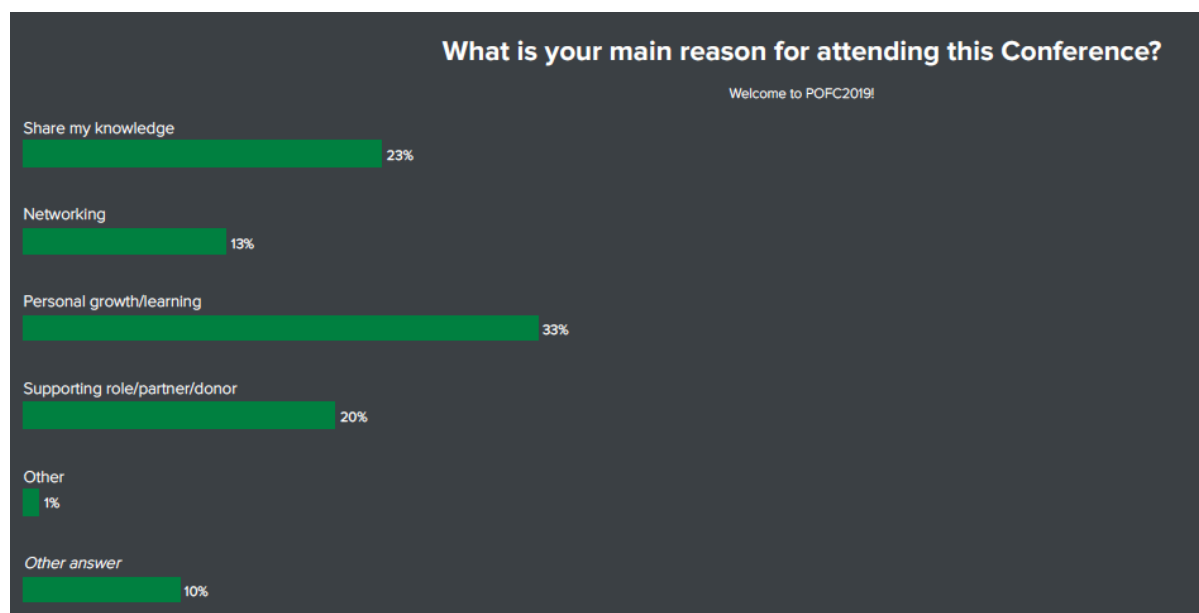
Side discussions suggest that it may be more useful to invest in a simple app which users then have access to after the conclusion of the event. There will be budgetary and human resource considerations for such options.

### Pre-evaluation and ongoing monitoring

To access Meeting Pulse, participants were requested to answer some general questions to provide a cursory understanding of the level of interest, experience and knowledge amongst the group. Feedback suggested that for many participants, the idea of ocean finance was very new and mostly with a focus on resource mobilisation.

Polls were also undertaken during sessions and at the end of each day to maintain a pulse on interest and engagement. In the main, participants remained engaged throughout the five-day programme.

The main reasons for many attending the conference was for personal growth and learning, followed by sharing of knowledge, for networking and to support the roles of donors/partners.



**Figure 1:** What is the main reason for attending the conference?







- Inclusion of more senior govt officials
- More focus on regional practices on ocean finance (if any)  
More involvement of all relevant stakeholders (Environment, Finance, Tourism and Fisheries)
- Everything worked out great
- Very little
- Nothing at all!
- More small group discussions and debates
- Many presenters had overlapping material. There should be less presentations and more time for each of them.
- I think this format was really great. I wouldn't make it too much bigger - part of its excellence was the smaller size.
- Venue, and more Pacific Islanders' Presenters who knows their context well
- Make it 3 days. 5 days is long to sustain active participation
- Have more Pacific Islanders as resource people. Engage key finance ministries and chamber of Commerce folks.  
Please find Niue and Cook Islands - don't let the funding source constrain the support to all Pacific SIDS. Invite some of the key Development partners, MFAT, DFAT, JICA, EU etc...
- it was great but maybe a half day resume of all the definitions and financing mechanisms available
- Make it less information heavy - join certain sessions that are similar to each other
- Condensed Fellows presentations - maybe compiling lessons learned. Maybe a group presentation that summaries the top ideas, etc. and then have full presentations recorded.
- Nothing!
- PPT Presentations should be uploaded straight after being presented. Links to materials should also be provided to guide participants for further reading as some of the concepts might be new.
- Giving homework might have made day 4 go more smoothly. then you could have match tables w different SMEs to help refine
- More group work and time for sidebars. Fewer "talking heads" and more prereading to seed discussions.
- More Pacific Island speakers/presenters
- 3 days is long enough
- Practical people from the Pacific to be speakers/presenters
- The set up and format was great
-



- Practical ocean project concepts' discussions and rapid sensitizing or evaluation for right finance instruments and sources
- Blue bond
- A skit highlighting the current challenges in this space and ideal responses (even if they are fictional)
- More time given to Q and A
- Private sector perspective and initiatives in the Pacific
- More time should be given for country group discussions on ocean finance snapshot.
- More practical discussion on Pacific Island experiences
- Perhaps a bit more of Private Sector reps however understanding how difficult this may be in the Pacific Context.
- See answer above
- Group work and exchanges

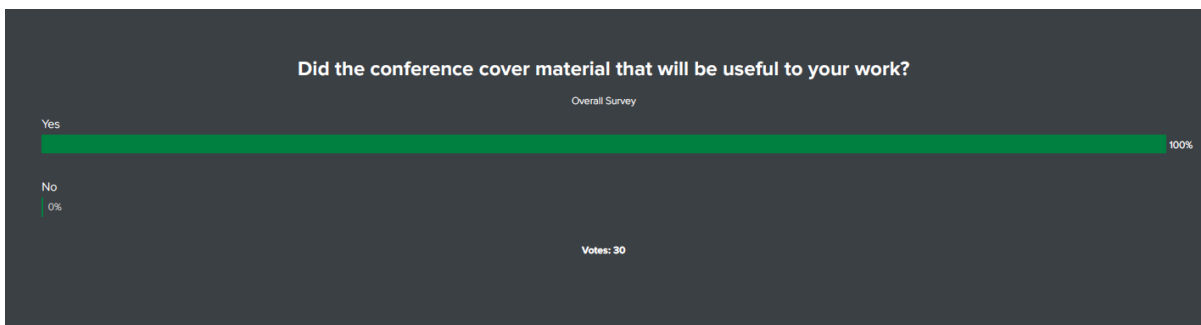


Figure 5: What part of the conference was most valuable to you?

### What part of the conference was most valuable to you?

- Fellowship
- The range of discussions and the generate, invest, align, account structure
- Listening to key finance and private sector experts
- Private sector engagement and fellows.
- variety of mechanisms
- Networking and corridor chats and expert panels
- The group work and exchange
- Really the entire thing has been valuable
- Financing
- Pacific Ocean Finance Fellow Presentation and Donor Presentations
- The group activities
- Public-private partnership discussions
- ALL - esp. on case studies
- Fellow presentations and all other presentations were all relevant
- All of it.
- Networking and learning more about financing mechanisms.
- Community Managed Marine Area
- Group discussions and expert presentations. Fellow presentations
- Examples of projects and relevant financing mechanisms that are similar to what we could explore for our situation and needs
- group discussions

- Networking and sharing of experiences / knowledge
- Additions to my network, (2) building my own capacity in finance, (3) greater understanding of how finance connects to LSMPAs -but more so challenges in the region with \$\$ since the majority of LSMPAs remains in the Pacific
- Fellows presentations
- Other innovative finance generation mechanisms were particularly helpful and interesting especially learning from what other countries have initiated.
- The project summaries, and the private funds presentations
- Networking
- Finance applied to MPAs
- sustainable financing mechanisms
- Panel and group discussions are more effective to share ideas
- Meetings



**Figure 6:** Did the conference cover materials that will be useful to your work?

Response: 100% agreed that the conference covered materials that will be useful to their work.



- Because of strategic planning and financing projects in which i am involved in
- It increased my understanding and knowledge in ocean finance (which is a new beast for the Pacific) and gave me further information of what tools and mechanisms are available and being used globally in other regions - which the Pacific can draw lessons from
- Material will be useful, but it would be great to have more summaries or reference sheets written in lay-terms to access during workshop. More about the country financial profiles and how they are being used, can be used, and how other entities - like Big Ocean could partner with these facts in mind.
- got to understand how the region is dealing with ocean finance
- Learning from a broader perspective which not only concerns in resource management, but the financial component has complimented the whole package.
- Right content
- 2020 is a huge year for ocean commitments and finance is a critical component necessary for effective management of ocean resources.
- It gave me a border vison of ocean finance mechanism
- they are new concepts to me
- Interesting and eye-opening thoughts learned throughout the conference
- Specifics always help





- Great meeting. Excellent facilitation Melissa and team it was a great mix of information and networking. please carry it forward.
- This is an important topic and requires more follow up.
- Thank you to Melissa and the organisers. Well done.
- Thank you, Melissa,
- My hope what has learned from the conference will be able to help each and every one move forward in our attempts to improve ocean health and governance
- Well organised and well pioneered with the work done by Dr. Melissa in the Region on this.
- Thanks so much for a very productive and excellent meeting!
- Appreciate an e-folder with all the presentations to provide guidance and ideas on my project work