

AUGUST 2024

Blue Finance Facility for Marine Protected Areas

The [Ocean Risk and Resilience Action Alliance](#) (ORRAA) is supporting the acceleration of [Blue Finance's Facility for Marine Protected Areas \(MPAs\)](#) - a groundbreaking financial vehicle to regenerate marine biodiversity and develop the sustainable blue economy in Sub-Saharan Africa and South East Asia.

Financial Innovation

The facility helps attract new investors into this critical but underfunded area protecting natural capital and reducing poverty in the Global South. It has been designed specifically for impact investors focused on Sustainable Development Goals (SDGs): 14 (Life Below Water), 1 (No Poverty), 8 (Decent Work and Economic Growth), 13 (Climate Action), and 17 (Partnerships for the Goals).

By aggregating investment projects in the MPAs and reef-positive businesses (RPBs), the facility simplifies the investment process, lowers transaction costs, and creates efficiencies and economies of scale. It also reduces investment risk exposure through diversification across revenue models and MPA projects, improves the quality of project design and execution, and enables investors to transparently monitor their impacts.

Snapshot

The **Blue Finance Facility for Marine Protected Areas** is empowering **reef-positive social enterprises** as agents of change. These businesses are uniquely positioned to create sustainable livelihoods while safeguarding marine ecosystems, delivering a double impact in Sub-Saharan Africa and Southeast Asia. The facility applies an innovative and scalable approach that blends catalytic finance and commercial impact finance into Nature-based Solutions (NbS) to strengthen natural resource management, improve food security, promote sustainable development, and enhance climate change resilience.

Purpose

The purpose of the facility is to transform livelihoods and MPAs through investment in RPBs in the sustainable blue economy. The facility aims to create "bankable" MPA projects, strengthening marine resource management of coral reefs, improving livelihoods for coastal residents, and boost climate resilience for both ecosystems and communities.

Structure

Catalytic capital, channelled through an existing non-profit vehicle, is primarily directed to finance MPA management entities until they become financially sustainable through long-term revenues from the reef-positive businesses. Refundable grants and impact loans are channelled through an existing debt facility to social enterprises in responsible ecotourism, community-based aquaculture, blue carbon credits, and sustainable fisheries. Parametric climate insurance, designed for the MPAs and RPBs reduces the risk of investments.

Impact

The initial cohort invests into twelve reef-positive businesses and sixty MPAs across Indonesia, Philippines, and Tanzania. Collaborating with local partners, the facility intends to develop financially viable MPAs, strengthening marine resource management across 2 million hectares of coral reefs. This will avoid 4 million tonnes of CO₂ emissions, improve livelihoods for 60,000 coastal residents, and boost climate resilience for both ecosystems and communities.

This model is built on tangible results:

- In the Belize Turneffe Atoll MPA where work started in 2021, approximately 50% of the MPA's annual operational budget is now covered by revenues primarily from the ecotourism social enterprises. By 2026, we aim to cover 100% of the MPA's annual budget through these revenues.
- A second cohort of reef-positive businesses in Cabo Verde, Fiji, Indonesia, Philippines, Mozambique and Tanzania are in the early stage of preparation. They will benefit 200 additional MPAs, 2.5 million hectares of coral reefs and improve livelihoods for 100,000 individuals.

Current Stage of Development: [ESTABLISHED – ACCELERATION]

An initial cohort of sixty MPAs and twelve enterprises in Indonesia, the Philippines, and Zanzibar are underway and investment-ready.

- Anchor commitments of **USD\$8.6 million** have already been secured with UBS Optimus Foundation, BNP PARIBAS, Global Fund for Coral Reefs, and other impact investors:
 - USD\$4.4 million as refundable grants and impact loans are committed from the private sector
 - USD\$4.2 million as non-refundable grants are committed from philanthropic donors

Support Needed

The current investments are directed towards the first cohort of reef-positive businesses (2023-2025) with a target raise of **USD\$12.2 million**. This requires an additional:

- USD\$2 million in grants
- USD\$1.6 million in refundable grants/impact loans

These investments will close the funding of the first cohort of the blended finance vehicle.

A second cohort (2026-2028), currently in preparation, will target **USD\$55 million**, with 60% in refundable grants/impact loans. It is slated to benefit two hundred additional MPAs.

The [Ocean Risk and Resilience Action Alliance](https://oceanriskalliance.org) (ORRAA) is the only multi-sector collaboration connecting the international finance and insurance sectors, governments, non-profits, and stakeholders from the Global South to pioneer finance products that incentivise investment into coastal and ocean nature-based solutions. Our goal, by 2030 is to activate at least USD\$500 million of investment into this space, and in so doing, help build the resilience of 250 million climate vulnerable coastal people.

ORRAA is spearheading the development of the Sea Change Impact Financing Facility (SCIFF), an open ocean financing architecture designed to drive at least USD\$1 billion of private investment into coastal and ocean ecosystems by 2030, with a focus on the Global South. The SCIFF is building an ocean financing ecosystem to complement ORRAA's development of an investible project and product pipeline and will integrate sustainable blue finance into broader climate and biodiversity finance ecosystems.

ORRAA is working together with its members on a sustainable blue finance delivery roadmap between now and 2025, developing financing instruments, bridging policy frameworks, building financial literacy, and developing pathways and scalable tools to unlock financing for coastal and ocean resilience and regeneration.

Investing in coastal communities and the Ocean

BLENDING FINANCE for MARINE PROTECTED AREAS

