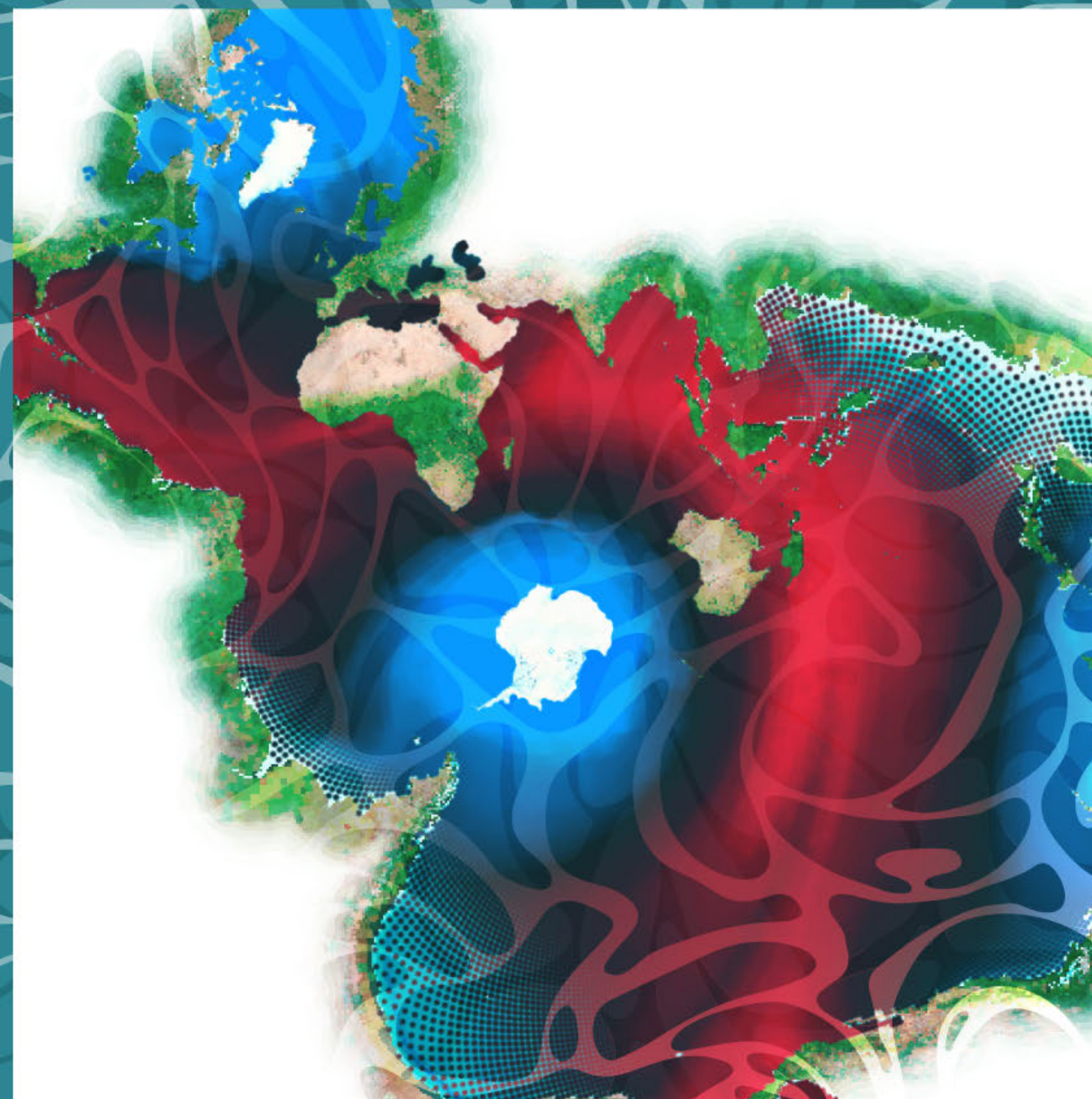




orraa

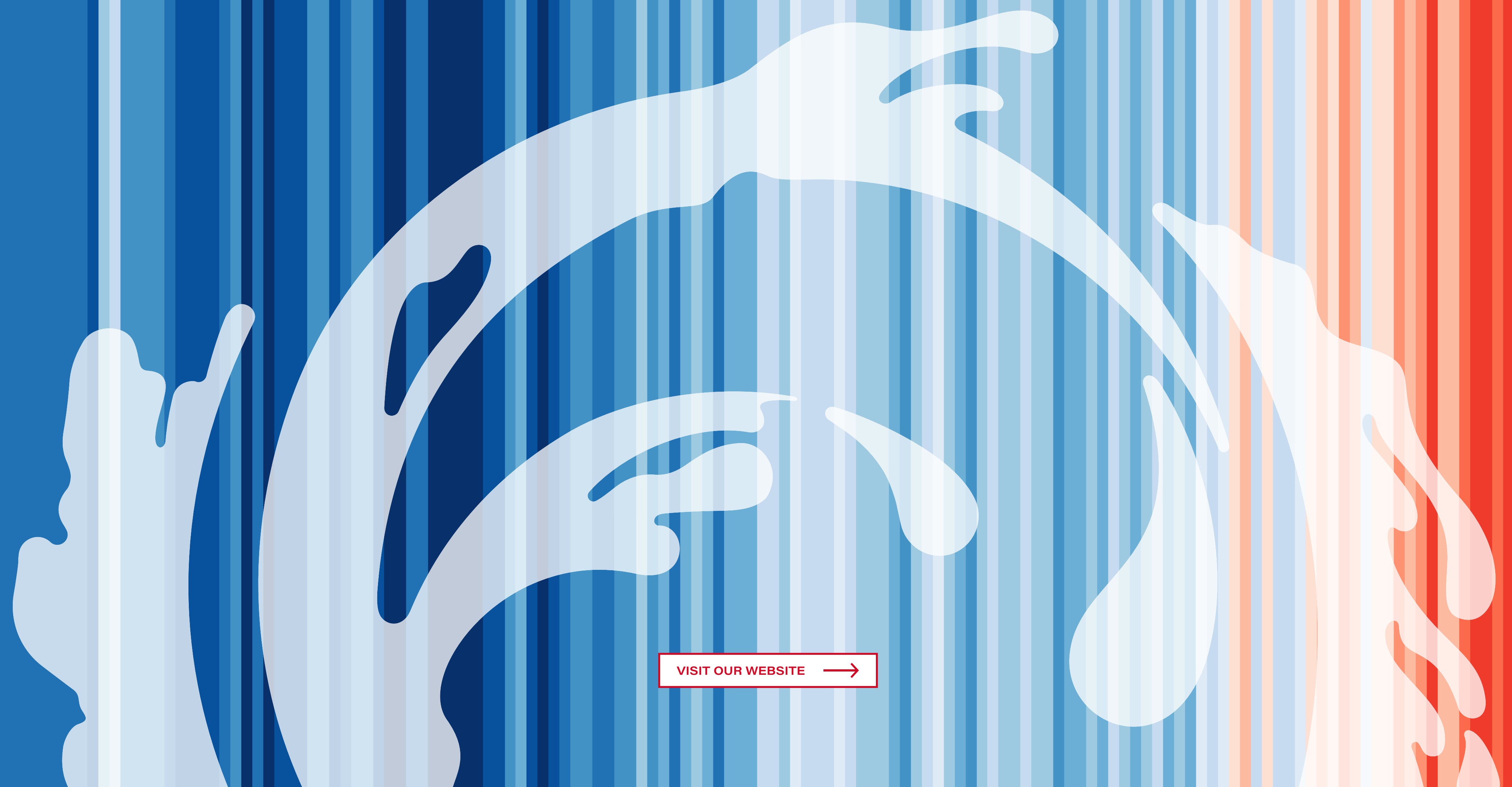
Ocean Risk and Resilience
Action Alliance

Action Report for 2022



KRISTIAN EKENES | ONE OCEAN OCEAN TEMPERATURES RANGING FROM 0-600M DEPTH ■ 30° ■ 10°

Investing in Coastal Communities and the Ocean



VISIT OUR WEBSITE →

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INTRODUCTION

This year’s Action Report provides a summary of the scope of ORRAA’s activities from January to December 2022. The Alliance works through three key pillars of work to deliver on our mission: Financial Innovation, Science & Research, and Policy & Governance.

Financial Innovation is focused on pioneering, surfacing and incubating innovative and scalable finance and insurance products that build resilience and protect and regenerate valuable coastal and ocean natural assets while delivering a return on investment by leveraging and influencing public, philanthropic and private capital.

Through the Science & Research pillar, we accelerate research and modelling on ocean risk and resilience to inform financial innovation as well as private and public sector policy action that reduces the impacts of climate and ocean change. It does this through better understanding, analysis, prediction, modelling, and management of ocean risk; and improving the design and implementation of gender-sensitive ocean resilience projects in key vulnerable regions.

And finally, through our Policy & Governance pillar, we focus on informing, advancing and driving public and private policy commitments and action that value nature, build coastal resilience, reduce ocean risk, and accelerate the delivery of the Sustainable Development Goals (SDGs). By acting as a connector and catalyst for cross-sector collaboration across the Global North and South, this pillar works to advance global action to address ocean risk and improve coastal resilience with policymakers, finance leaders and investors.

This Action Report provides key information about the Alliance’s action and impact.

2022 KEY HIGHLIGHTS



OUR PROJECTS

We are supporting a growing number of projects – now at nearly 50 - through the generous backing of our Funders. With those projects themselves scaling and replicating, the Alliance is fulfilling its mandate of unlocking public and private investment. Our projects take action on the ground, working from the bottom-up to deliver positive change - with more in the pipeline through active Calls for Proposals.

MEMBER MEETING

In June, at the UN Ocean Conference in Lisbon, we convened our first in-person member meeting. It showcased the work being under-taken to drive investment into coastal and ocean resilience solutions and highlighted the projects and tools being implemented. Most importantly, we got to connect in person, join dots, meet colleagues working on cutting-edge solutions from around the world, and spark new ideas.



INTRODUCTION CONTINUED

2022 KEY HIGHLIGHTS



SCIFF

We recognise also that we have to work to build a sustainable and equitable global ocean financial architecture – designing and integrating change from the top-down and at scale. We announced the development of the Sea Change Impact Financing Facility (SCIFF) at the One Ocean Summit in France in February 2022. Over the course of the year, a number of ORRAA members have committed to engage in building various discrete elements of this open architecture. It is now attracting additional support from finance and insurance institutions and international organisations. We look forward to working through 2023 to begin laying the foundations for this financial ecosystem.

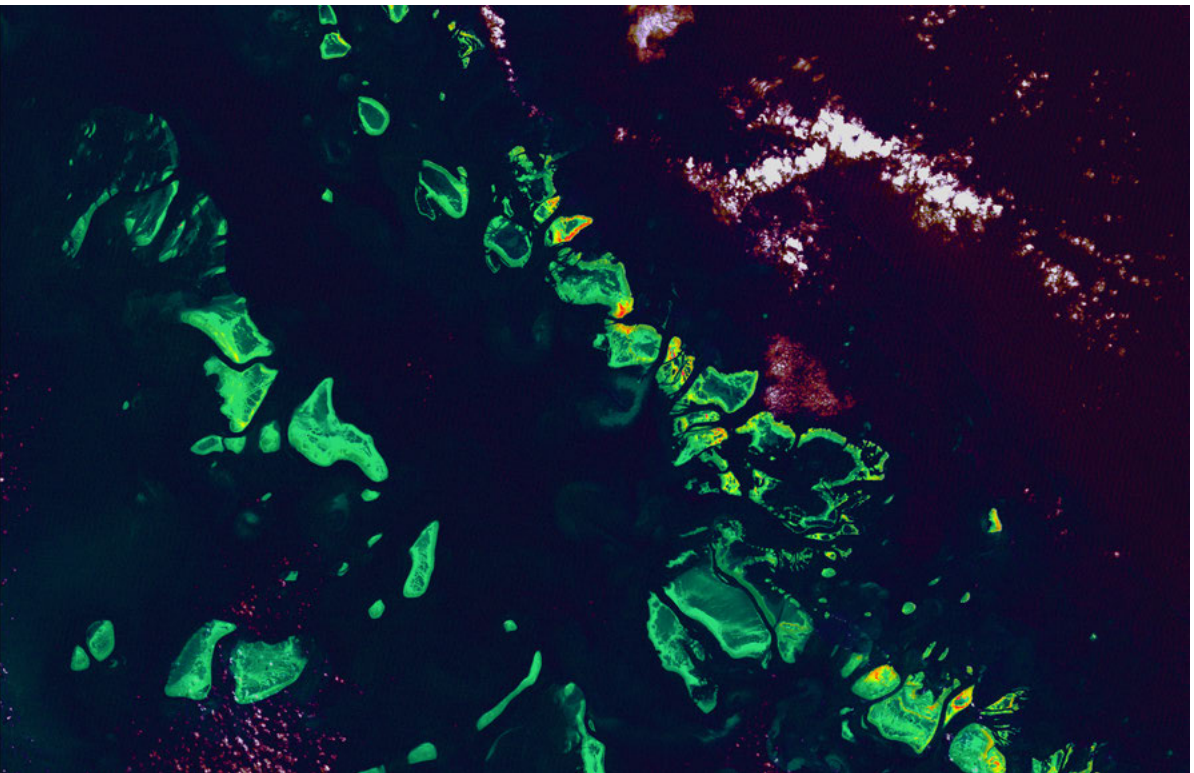


DB x ORRAA

We continued making inroads engaging with the investment community and advancing Ocean literacy through the inaugural Deutsche Bank x ORRAA Ocean Conference in Mallorca, Spain in September.

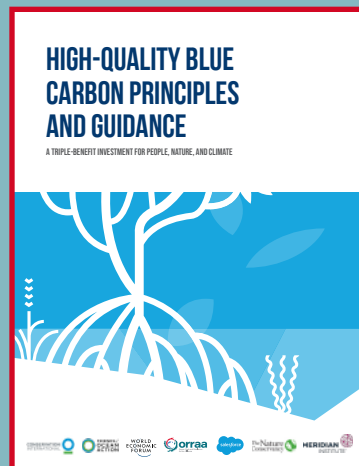
G7

We continued to move the dial of the debate and influence policy solutions in the Ocean space, with the publication with the Europe Jacques Delors Institute of a report which called on the G7 to secure financing to prevent ocean degradation.



INTRODUCTION CONTINUED

2022 KEY HIGHLIGHTS



COP27

Our policy engagement culminated at COP27 in Sharm El-Sheikh, Egypt in November. Three G7 members, namely the United States, Canada and the United Kingdom, announced significant investments in ORRAA projects amounting to a total of USD\$19.8m. COP27 also saw the launch of the High-Quality Blue Carbon Principles and Guidance with partners including Salesforce, the World Economic Forum, Conservation International and The Nature Conservancy. We co-led the ocean and coastal resilience track of the Resilience Hub and convened an ORRAA Solution Session focused on Investing in African Coastal and Ocean Resilience.



ORRAA's spirit of collaboration across sectors sits at the heart of our Alliance. It is through the support of our growing membership – now over 70 members – that we have managed to achieve so much in 2022. It was particularly exciting and heartening to see Palau become a member last year and to welcome aboard so many civil society and finance partners.



OVERVIEW

Our work this past year | 01

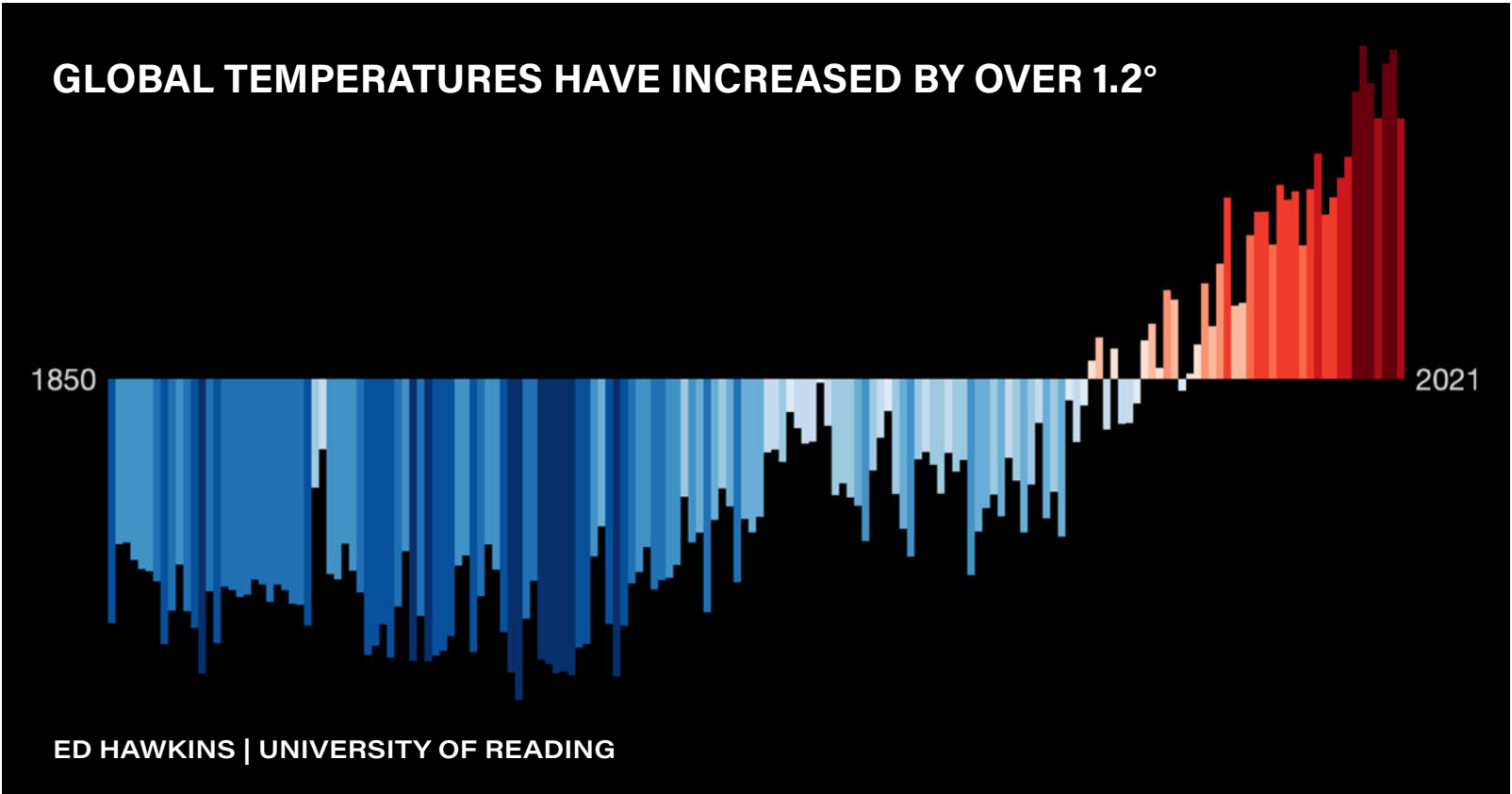
Karen Sack, Executive Director, ORRAA, writes:
The backdrop to this year’s Action Report is one of immense ongoing challenges: the climate and biodiversity crises and in 2022, the temperature of the Ocean reached its highest levels since record keeping began in 1958.^[1] Yet it has been a year of incredible growth and progress for ORRAA.

Meanwhile some progress is being made at a supra-national level. The main headline from the United Nations Climate Conference in Sharm El-Sheikh, Egypt (COP27), was the agreement to set up a Loss and Damage Fund, with the goal of providing financial support for developing countries disproportionately impacted by climate change. While an agreement has been reached, it remains an ‘empty box’ as the questions of how to finance the fund and how the funds will be distributed, have yet to be resolved.

Adaptation too, was at the fore at the COP. While for many, it is difficult to swallow the ‘adaptation’ pill, as it means recognising that we are in the midst of the climate emergency, this is now our stark reality. We need to confront these risks and accelerate investment and resources to build the defences needed for coastal and ocean resilience.

The Ocean also finally made it into the core text of the outcome agreement in Sharm. This was both a clear recognition of the importance of this incredible planetary asset in addressing the climate crisis, and that the international community is also beginning to recognise its value.

The Convention on Biodiversity’s 15th Conference of the Parties (COP15), the biodiversity summit, followed hot on the heels of COP27. The adopted Global Biodiversity Framework finally agreed to protect and restore 30 per cent of the planet for nature by the end of the decade (30x30), including coastal and marine ecosystems. The latest science shows this is the minimum that is critical to both regenerate nature and wildlife, help capture and sequester carbon and build the highly adaptive natural wilderness areas necessary to buffer against climate impacts.



These global frameworks provide the backdrop for ORRAA’s raison d’etre.


According to the High-Level Panel for a Sustainable Ocean Economy commissioned research investing one dollar in certain ocean themes can yield at least five dollars in global benefits over the next 30 years to 2050. So the opportunity is clear, but the current financial system is insufficient, inefficient and unfair. There are big gaps which are tripping us up and slowing us down.

Financing is insufficient. The USD\$100BN climate finance commitment only addresses about two to three per cent of the total climate finance need. Of that, only three per cent of total climate funding goes into Nature-based Solutions and this gap must be addressed at speed.

OVERVIEW

Our work this past year | 02

Current Climate finance is inefficient. It can take two to five years to negotiate and finalise a project, deal or debt swap. It can take the same amount of time to develop, submit and negotiate applications for climate finance from development finance institutions. That is too long and too cumbersome and so we need to inject efficiency into this.

Finally, current climate finance is unfair. For every USD\$10 a V20  country pays in debt, they have to pay another USD\$1 because of climate vulnerability. And the interest rates on debt for the V20 are higher because of their climate vulnerability, which is a vicious circle.



Despite these immense challenges, we have to keep our eyes on the horizon. We are playing a pivotal role in incubating and innovating solutions and then we are going to implement them at scale. Capital is going to be key and that is why our goal is to activate at least USD\$500m of investment into coastal and ocean resilience through finance and insurance products by 2030 and in so doing, build the resilience of at least 250m climate vulnerable coastal people.

At the heart of our mission is building the resilience and adaptive capacity of marine and coastal ecosystems and the coastal communities around the world that rely on them. We bring together governments, the private sector, finance, insurance and civil society from around the world and, through radical collaboration, we incubate products, accelerate their deployment, innovate novel applications and solutions, and catalyse action.

We have made significant progress since our last Report, but we must re-double our efforts.

We continue to be incredibly grateful to the generosity of our funders, as well as the wisdom and knowledge of our Steering Council; the board of ORRAA Inc., and the partnership of our co-host, the Global Resilience Partnership. It is through all our valued partnerships with you and so many others that we are able to continue build forward exponentially and to deliver on our mission.

Let 2023 be a year of accelerated delivery and scaling.



Karen Sack
Executive Director



1. FOOTNOTE →

2. FOOTNOTE →

”
2022 was the year that ORRAA moved from a start-up to a scale-up. ORRAA delivered an ambitious program of substantive action, innovation, and scaling across policy, science and projects.

ORRAA’s critical focus on building the resilience of climate-vulnerable coastal communities is a fundamental part of addressing the interlinked challenges of the climate and biodiversity crises. The Global Resilience Partnership is honoured to be a co-host of the Alliance and to align our mission with theirs. I am confident and excited to contribute to ORRAA’s continued delivery and scaling in 2023 and beyond, and I look forward to building our already strong partnership even further.

Nathaniel Matthews
Chief Executive Officer
Global Resilience Partnership
and ORRAA Inc. Board member



ORRAA IN NUMBERS

Over USD\$14m invested into ORRAA through direct support and in-kind work by our funders and members to drive innovative finance and insurance solutions to build coastal and ocean resilience.

45 projects deployed or supported through ORRAA and our members

Over 121,000 people supported to be more resilient through ORRAA projects

71 members, including:

17 finance sector partners

14 governments

26 NGOs

5 international organisations & multilateral development banks

5 non-finance corporates

4 academic institutions



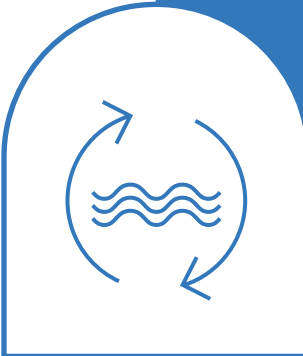
THE ORRAA ECOSYSTEM

A resilient, net zero and economically secure world is not possible without a healthy, regenerating Ocean. The Ocean, one of the planet’s greatest assets, is in crisis. Heating, leading to extreme weather events, sea level rise, and adverse ecosystem changes as well as pollution, overfishing and destructive fishing, rising levels of acidity and biodiversity loss all jeopardise its health.

Rebuilding and restoring ‘blue nature’ means protecting the critical impact buffers and biodiversity reservoirs that provide food, social and economic security to billions of people and businesses across the world.

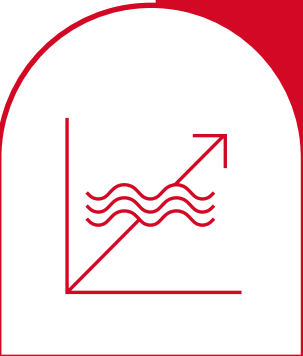
The nurturing and scaling of community-led projects to build Ocean resilience is baked into our vision and how we work.

Financial Innovation



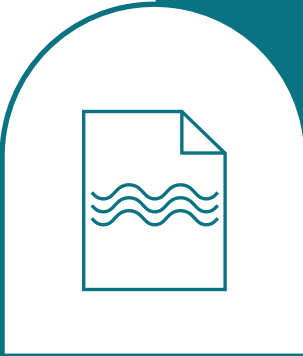
Building risk-adjusted, innovative and scalable products that change the risk perceptions of investing in coastal natural capital.

Science & Research



Accelerating research and using data to better understand analyse predict model and manage ocean risk.

Policy & Governance

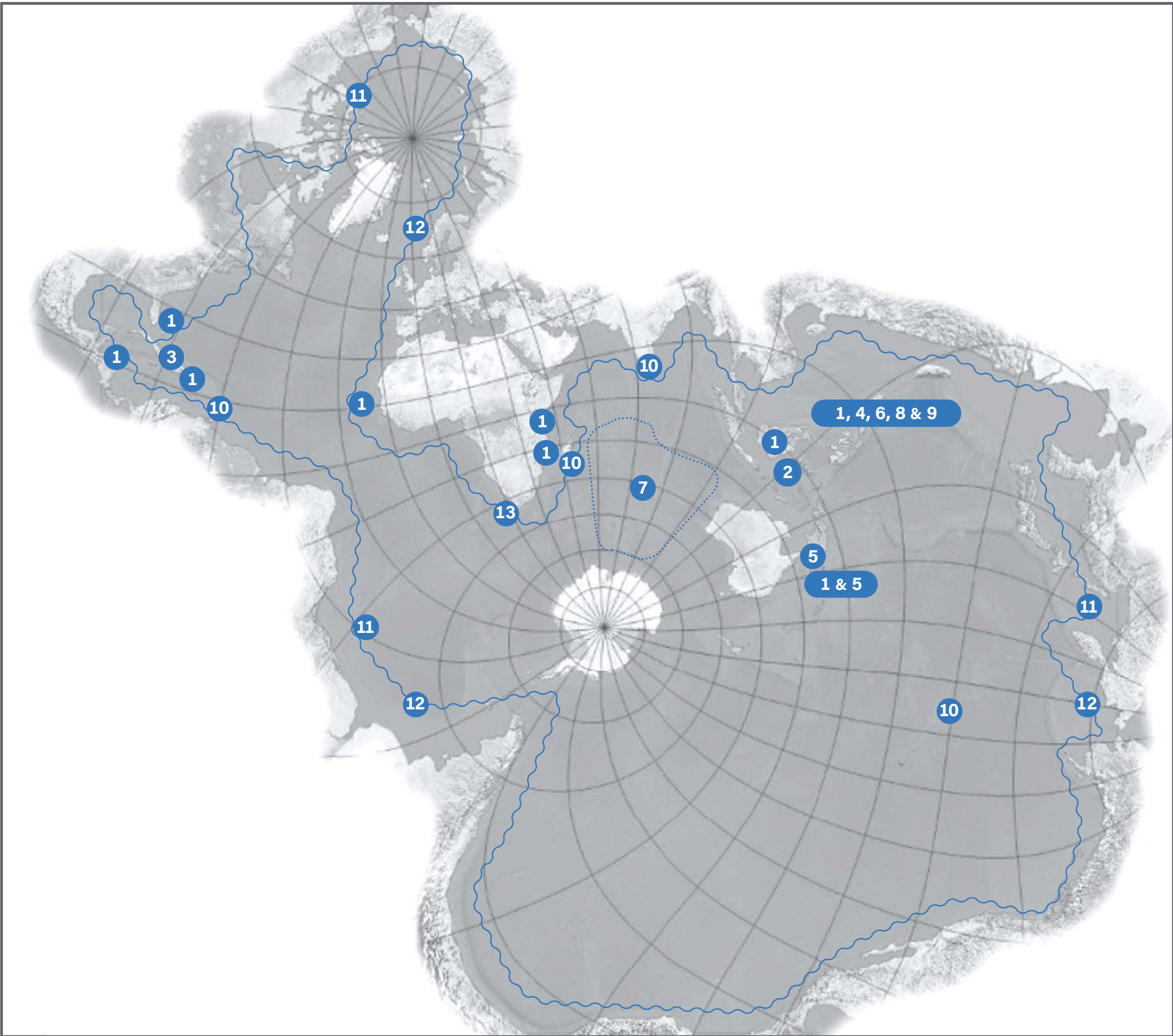


Informing and advancing ocean resilience policy governance and public understanding.



GLOBAL PROJECTS

ORRAA's Project Portfolio Platform



Financial Innovation

- 1 **Blue Finance**
Establishing a Blended Finance Facility for Marine Protected Areas (MPAs)
THE BAHAMAS, BELIZE, DOMINICAN REPUBLIC, FIJI, INDONESIA, MOZAMBIQUE, PHILIPPINES & TANZANIA

2 **MARI Oceans**
Securing the Livelihoods of Seaweed Farmers through Innovation and Financial Inclusion – MARI OCEANS
SOUTH SULAWESI, INDONESIA

3 **MAR Fund**
Financing Reef Resilience to Extreme Climate Events – MAR FUND & WTW
CARIBBEAN

4 **Rare**
Strengthening the Financial Resilience of Small-Scale Fishers
PHILIPPINES

5 **WWF**
Financial Tools for Small-Scale Fishers in Melanesia
FIJI AND PAPUA NEW GUINEA

6 **Conservation International**
Climate Smart Shrimp Initiative
PHILIPPINES
- 7 **WWF**
First Coastal Community Livelihood Incubator for the South-West Indian Ocean
SOUTH-WEST INDIAN OCEAN REGION

8 **Rare and WTW**
Weather Index-Based Parametric Insurance for Small-Scale Fishers
PHILIPPINES

9 **Conservation International**
Establishing the Restoration Insurance Service Company
PHILIPPINES

10 **Commonwealth Secretariat & Stimson Center**
Identifying Climate-Smart Solutions in SIDS and Coastal Cities using the Climate and Ocean Risk Vulnerability Index (CORVI)
MADAGASCAR, BARBADOS, SRI LANKA AND KIRIBATI

11 **The Nature Conservancy**
Capturing the Value of Coastal Wetlands through Blue Carbon Resilience Credits
STARTING IN THE BAHAMAS/GLOBAL

12 **GreenSquare Ventures**
Creating a Corporate Coastal Resilience Security Bond
GLOBAL

GLOBAL PROJECTS

ORRAA's Project Portfolio Platform



Financial Innovation | ORIC 2021 - 2022

- 1 **ORRAA and Global Resilience Partnership**
Ocean Resilience Innovation Challenge (ORIC)
GLOBAL

2 **RePurpose Global**
Enabling Plastic Credit Finance to Scale
Waste Management Activities
GOA, INDIA

3 **Marine Change**
Developing Parametric Climate
Risk Insurance for Small-Scale Tuna Fishers
INDONESIA

4 **AquaFarms Organization (AFO)**
Establishing a Voluntary Carbon Market
to Restore Mangroves and Support
Local Communities
TANZANIA, EAST AFRICA

5 **Save The Waves**
Developing Insurance Products
for Surf Ecosystems and Surf Breaks
MEXICO, PERU AND THE MALDIVES

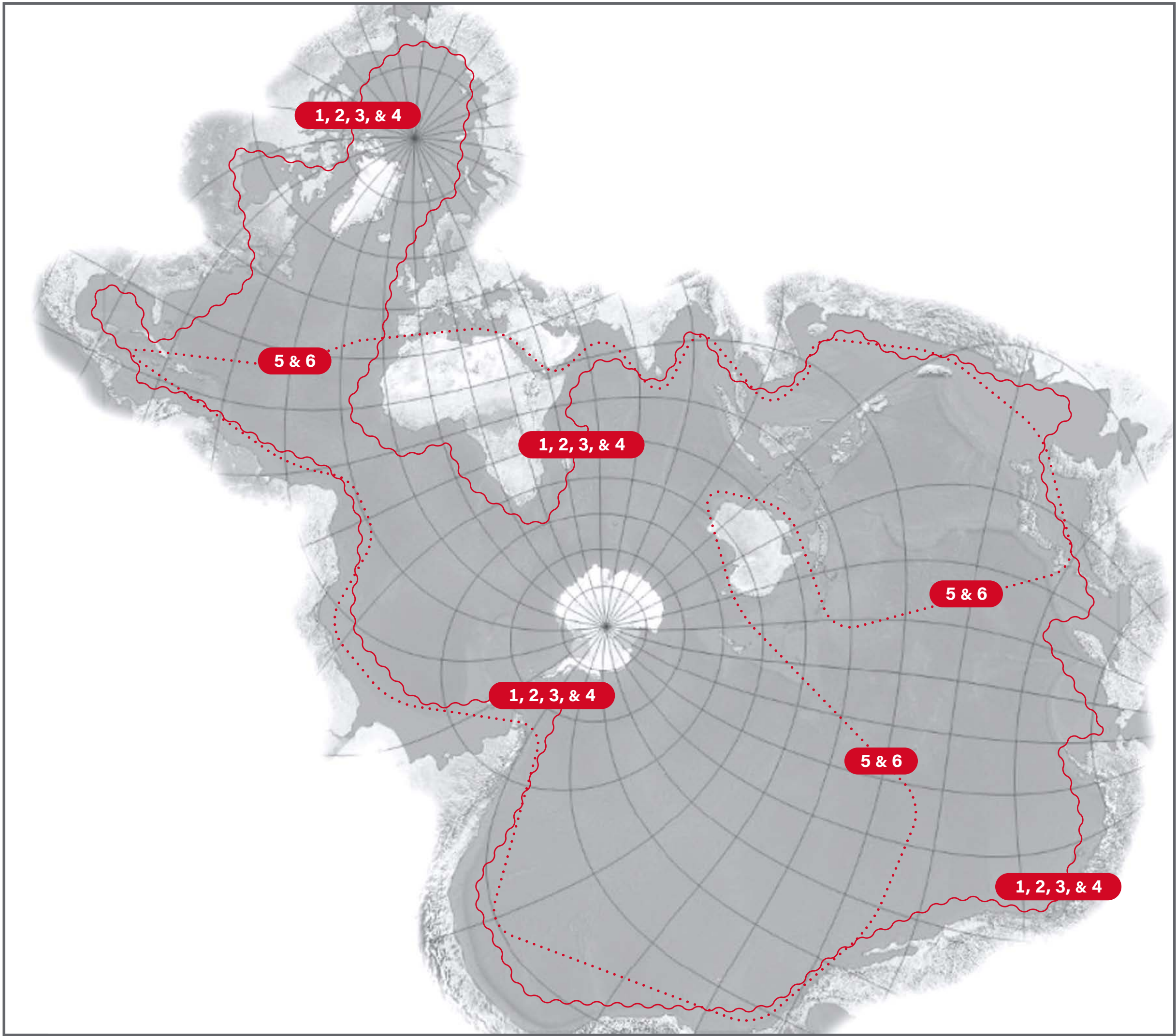
6 **SatSense Solutions**
Satellite based Coastal Hazard
Assessment for Sustainable Economic
and Tourism Development
SUNDERBANS, INDIA
- 7 **INVERSA Leathers**
Invasive Lionfish Management
QUINTANA ROO, MEXICO

8 **ABALOBI**
A Social Enterprise Supporting Small-Scale
Fishing Communities With Data, Traceability
and Market Platforms in Africa Operating
in 12 Countries Across the Globe
SOUTH AFRICA

9 **AquaFarms Organization (AFO/Sea PoWer)**
Developing Micro Credit and Savings Schemes
to Upgrade to Tubular Nets for Seaweed Farming
TANZANIA, EAST AFRICA

GLOBAL PROJECTS

ORRAA's Project Portfolio Platform

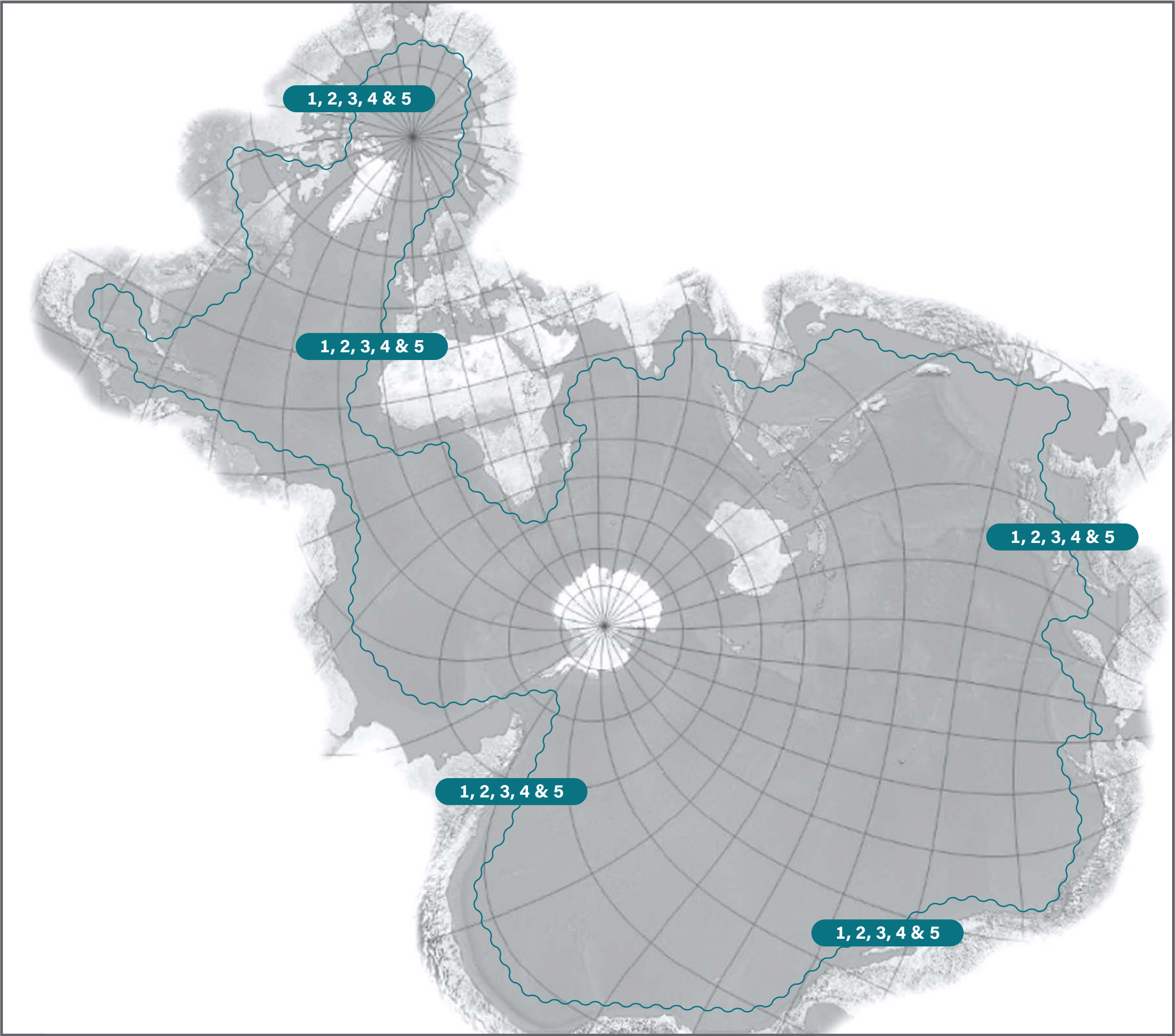


Science & Research

- 1 WWF**
Assessing the Global Value at Risk
in the Global Blue Economy
GLOBAL
- 2 United Nations Development Programme**
Insuring Nature to Reduce Risk:
Risk Transfer Solutions for Coral Reefs
GLOBAL
- 3 The Nature Conservancy**
Understanding Global Risks to Coral Reefs
GLOBAL
- 4 Stockholm Resilience Centre**
Blue Acceleration: An Ocean of Risks
and Opportunities
GLOBAL
- 5 Stockholm Resilience Centre**
Gender Dynamics of Ocean Risk and Resilience
in the Global South – SRC
GLOBAL SOUTH
- 6 Stockholm Resilience Centre**
Exploring the Impacts of Ocean Risks on Small
Island Developing States
(SIDS and Least Developed Countries LDCs)
GLOBAL SOUTH

GLOBAL PROJECTS

ORRAA's Project Portfolio Platform



Policy & Governance

- 1 ORRAA**
Insuring against Illegal, Unreported, and Unregulated (IUU) Fishing
GLOBAL
- 2 ORRAA**
#BackBlue
GLOBAL
- 3 AXA XL**
The Coastal Risk Index (CRI)
GLOBAL
- 4 ORRAA**
The High Quality Blue Carbon Principles
GLOBAL
- 5 ORRAA**
G7 Policy paper.
GLOBAL



1. FINANCIAL INNOVATION

Weather Index-Based Parametric Insurance for Small-Scale Fishers



Challenge

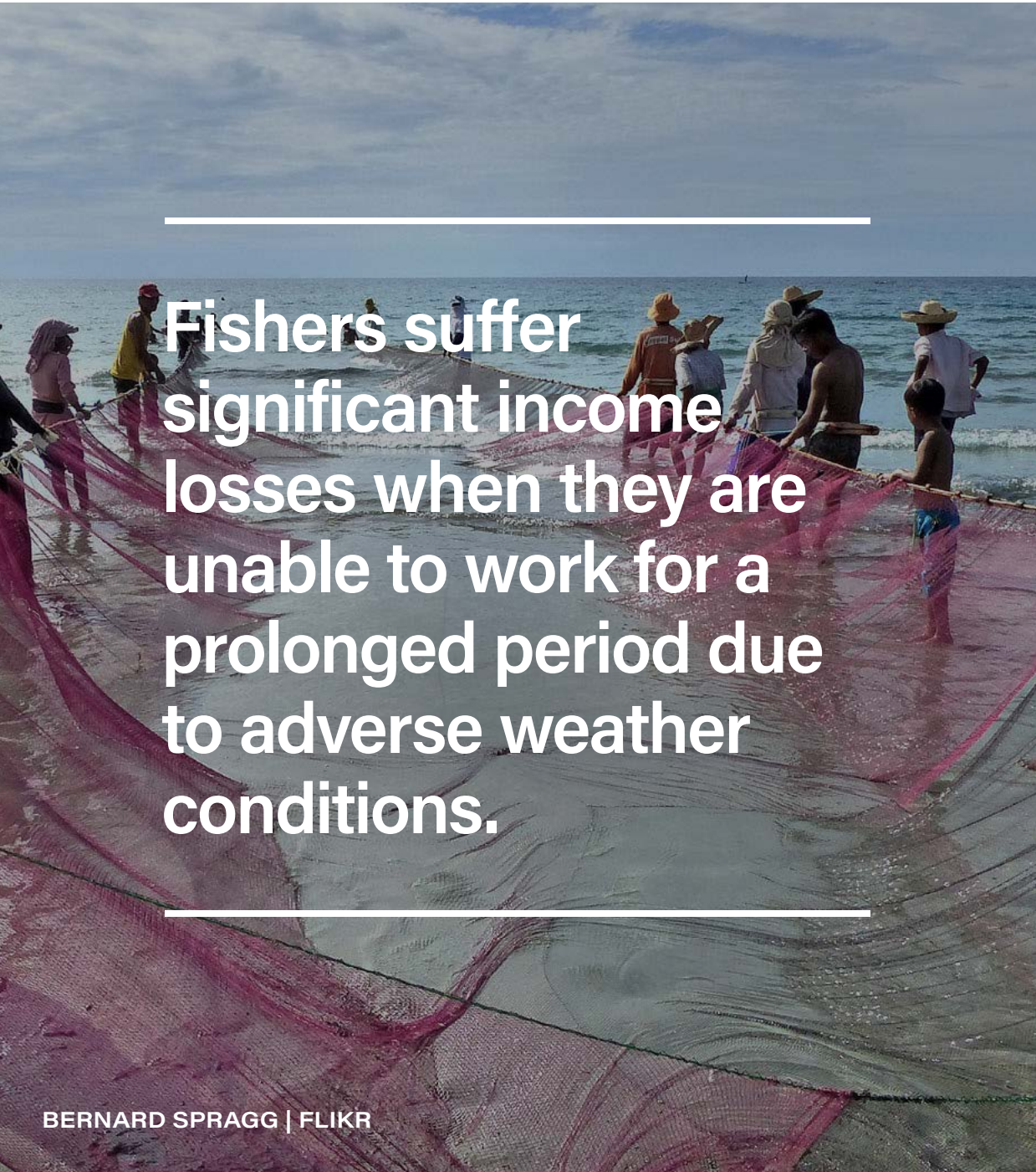
In the Philippines, 6.5 million people rely on local fisheries for income and sustenance, with fish and fish products making up 11.5 per cent of the average Filipino diet. Climate change is making it more difficult for fishers to safely access fishing grounds. High winds, agitated sea states, and heavy rain, which reduces visibility, all negatively impact the activities of small-scale fishers who use smaller vessels and navigate using visual cues. Seasonal winds and rains are also becoming increasingly unpredictable due to climate change. Ultimately, fishers suffer significant income losses when they are unable to work for a prolonged period due to adverse weather conditions.

Solution

To combat these losses, support resilient communities, and manage risks in the face of climate change, ORRAA partners Rare and WTW are developing an index as a proxy for the aggregate number of lost fishing days each month to inform development of a commercially viable insurance product. The feasibility study and corresponding actuarial analysis to demonstrate the technical viability of combining three identified weather parameters into a single insurance product has been completed. The product, intended to be both affordable and scalable, will be piloted in the Philippines providing payments to fishers in local currency when the policy is triggered. The Government of the Philippines will be the policyholder and provide coverage to fishers as a benefit of vessel registration and a commitment to implement sustainable fishing practices.

Scalability and Next Steps

At COP27, on Wednesday 16 November 2022, the Government of Canada announced additional support to this project over the next two years. In 2023-24, the pilot aims to test the product with an estimated 50,000 fishers across 75-90 coastal municipalities as proof of concept. The maximum anticipated pay-out will be up to USD\$100 per policy cycle equivalent to a month of lost wages. If it proves successful, Rare will work with the Government of the Philippines to expand the coverage nationally as a set benefit for fisher registration.





2. FINANCIAL INNOVATION

Financing Reef Resilience to Extreme Climate Events



Challenge

Nearly 200 million people depend on coral reefs for security and livelihoods. The Mesoamerican Reef (MAR) provides estimated annual environmental services worth USD\$320 to USD\$438M in coastal protection, USD\$183M in reef-related fishing, and USD\$3.9BN in reef-related tourism. Yet reefs are some of the most threatened ecosystems on Earth and hurricane-related surge and debris from high winds can cause severe damage. While a rapid response is essential for securing the benefits that a healthy reef provides, they are rarely included in post-disaster management plans and budgets. Instead, reef response is dependent on reactive, time-consuming, and often unreliable fundraising, which disincentivises future investment. Analysis of the impacts of extreme storm events shows that to effectively improve long-term reef health following a storm, reef repair must begin within two weeks of the event.

Solution

In 2021, the MAR Fund and WTW developed a uniquely designed parametric insurance product to provide cost-effective coverage to four priority reef sites that have protected status along the MAR. The parametric measures provide for a rapid insurance pay-out following an extreme storm event. The insurance was designed using a novel hurricane reef damage model that captures the relationship between hurricane intensity and reef damage. Storm wind intensity triggers immediate, post-storm pay-outs at specific levels to cover the costs of reef recovery response. Following a competitive bidding process, AXA Climate on behalf of AXA XL was selected as the capacity provider. This first insurance policy was purchased by the MAR Fund with financial support from the InsuResilience Solutions Fund following initial support from Global Affairs Canada through ORRAA.

Now in its second year, and underwritten by AXA Climate and Munich Re, it covers seven sites in Mexico, Belize, Guatemala and Honduras.

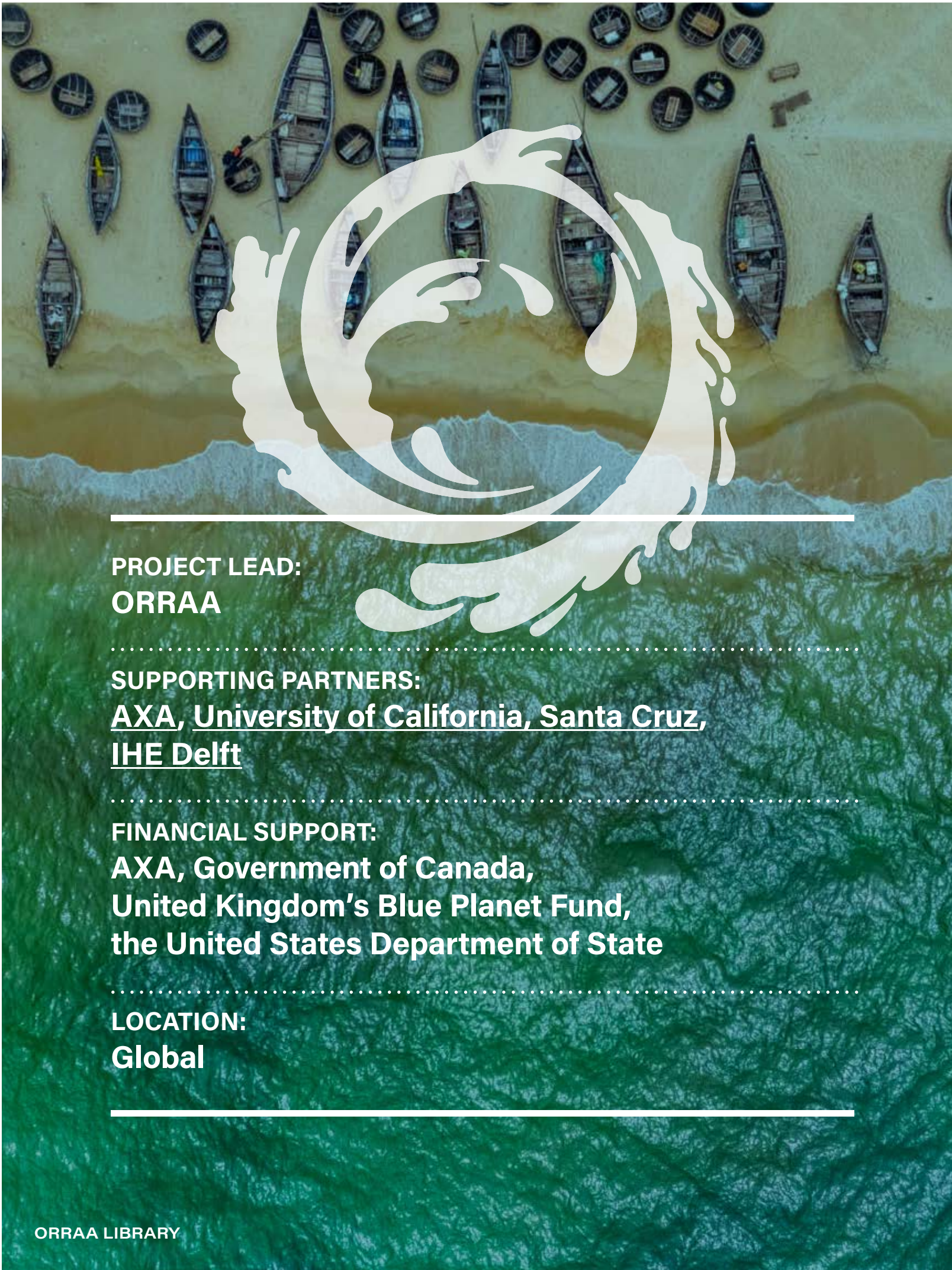
The first pay-out was triggered on 2 November 2022 when the Turneffe Atoll off the coast of Belize was hit by Hurricane Lisa. This pay-out of USD\$175,000 will finance immediate reef recovery and restoration activities following damage from the hurricane.

Scalability and Next Steps

Strengthening coastal resilience by integrating response preparedness with pre-positioned financing is an innovative approach that can be scaled, not only across the Caribbean Basin, but also to other ecosystems such as mangroves. The MAR Fund and WTW have enhanced reef response preparedness and financing in the MAR region and are now collaborating with partners in additional geographies to leverage their experience and to scale the innovation. With further support through ORRAA from the Government of Canada (announced at COP27), the project is now designing an initial insurance product to cover post-hurricane reef response in San Andrés and Providencia, Colombia. It will also explore the feasibility of insurance to cover additional coral reef risks, such as bleaching and rainfall-driven runoff.

3. POLICY & GOVERNANCE

The Coastal Risk Index (CRI)



PROJECT LEAD:
ORRAA

SUPPORTING PARTNERS:
AXA, University of California, Santa Cruz,
IHE Delft

FINANCIAL SUPPORT:
AXA, Government of Canada,
United Kingdom’s Blue Planet Fund,
the United States Department of State

LOCATION:
Global

ORRAA LIBRARY

Challenge

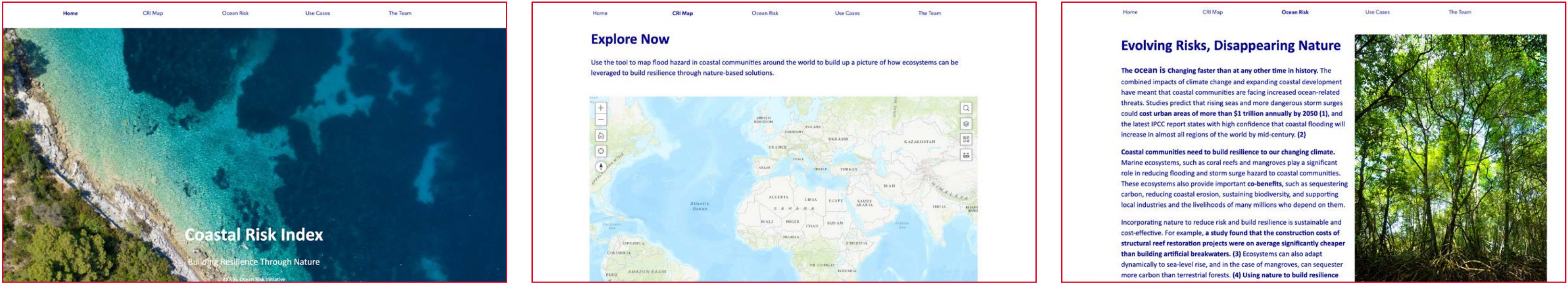
Coastal communities around the world are on the front line of climate change and a warming ocean. Coral reefs, mangroves, and other coastal ecosystems are a critical first line of defence for millions of people against mounting climate risks such as coastal flooding and storm surges. Coral reefs for example can dissipate up to 97 per cent of wave energy, reducing the impact to coastlines. However, despite their role in protecting lives and property, their benefits are rarely accounted for in risk industry models, disaster risk reduction strategies, or development priorities.

Solution

The **CRI** is an innovative tool that provides compelling visualisations of flood risk levels today, in 2030 and 2050, including the anticipated impacts on communities and coastal assets. It will also assess the impact of flood risk on social and economic vulnerability and how Nature-based Solutions can be leveraged to build resilience in the most prone communities.

Scalability and Next Steps

To maximise the CRI’s potential as a tool for local resilience practitioners and risk industry stakeholders, with financial support from the United States Department of State, a new publicly available data platform is under development that will support its deployment. This platform will also be supported by case studies to apply CRI data in a local context. The first, led by the University of California, Santa Cruz and also supported by the United States, will assess coastal flood risk in the Dominican Republic to highlight the benefits of coral reefs and mangroves in reducing current and future hazards. The study will also examine whether flooding disproportionately impacts vulnerable people and how Nature-based Solutions can be leveraged to build resilience along the Dominican Republic’s coastline.



THE CRI



4. POLICY & GOVERNANCE

Insuring Against Illegal, Unreported and Unregulated (IUU) Fishing | 01

In September 2022, working with partners Global Fishing Watch and TM-Tracking, with insights from Oceana, ORRAA launched the [Vessel Viewer](#) insurance de-risking tool to tackle illegal, unreported and unregulated (IUU) fishing.

Vessel Viewer enables underwriters to rapidly secure the information they need to answer whether they should insure a vessel. Cutting off access to insurance makes it more costly and risky to operate illegal fishing vessels. With this tool, insurers can avoid exposure and reputational risk by keeping unscrupulous clients off their books while providing a disincentive to engaging in illegal fishing.



VESSEL VIEWER

PROJECT LEAD:
ORRAA

SUPPORT:
Global Fishing Watch, TM-Tracking

FINANCIAL SUPPORT:
Gordon and Betty Moore Foundation

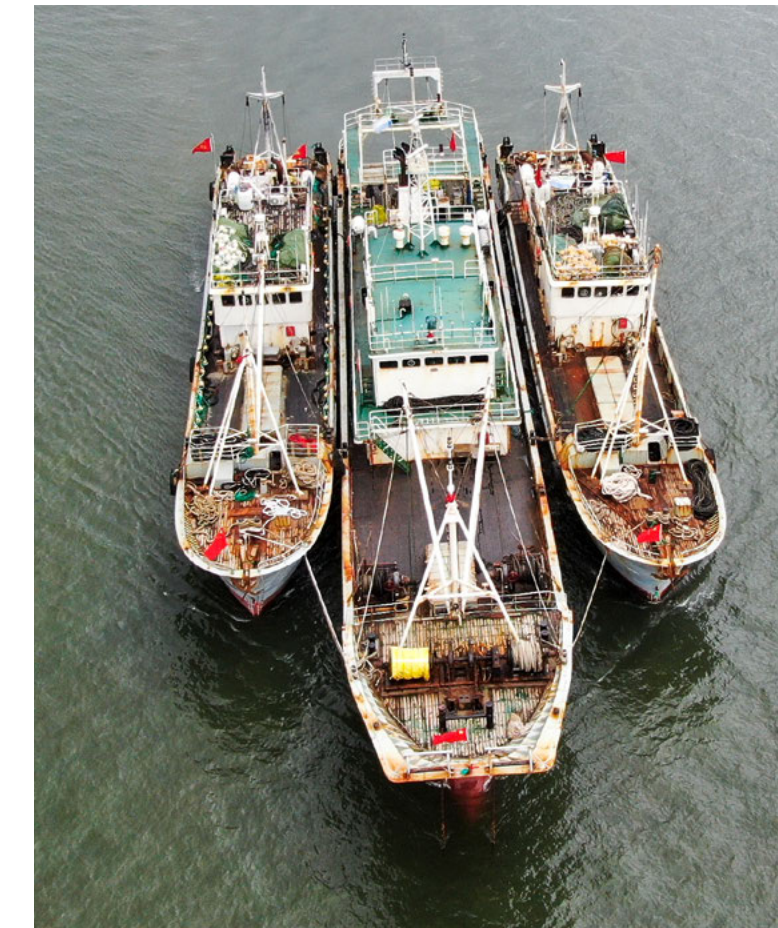
LOCATION:
Global

IMAGES COURTESY OF TM-TRACKING

”

We are very pleased to be working with ORRAA and alongside Global Fishing Watch to provide essential data and technical expertise for the Vessel Viewer risk-assessment tool. TMT's core focus is in delivering solutions to combat illegal fishing operations and we are excited to roll-out this tool to involve the insurance industry in this effort.

Duncan Copeland
Executive Director
TMT



4. POLICY & GOVERNANCE

Insuring Against Illegal, Unreported and Unregulated (IUU) Fishing | 02



Challenge

IUU fishing undercuts effective fisheries management and harms Ocean ecosystems. It is estimated that it costs the global economy over USD\$20BN annually, leading to some fish stocks being on the verge of collapse. IUU fishing has become pervasive by taking advantage of the lack of transparency in the fishing industry, using gaps in regulations and patchy monitoring of the high seas and at ports, to operate undetected. With 12 per cent of the world’s population relying on fisheries for their livelihoods, this activity threatens the economic security of millions of small-scale fishers and their communities. In addition, IUU fishing is closely associated with labour and human rights abuses.

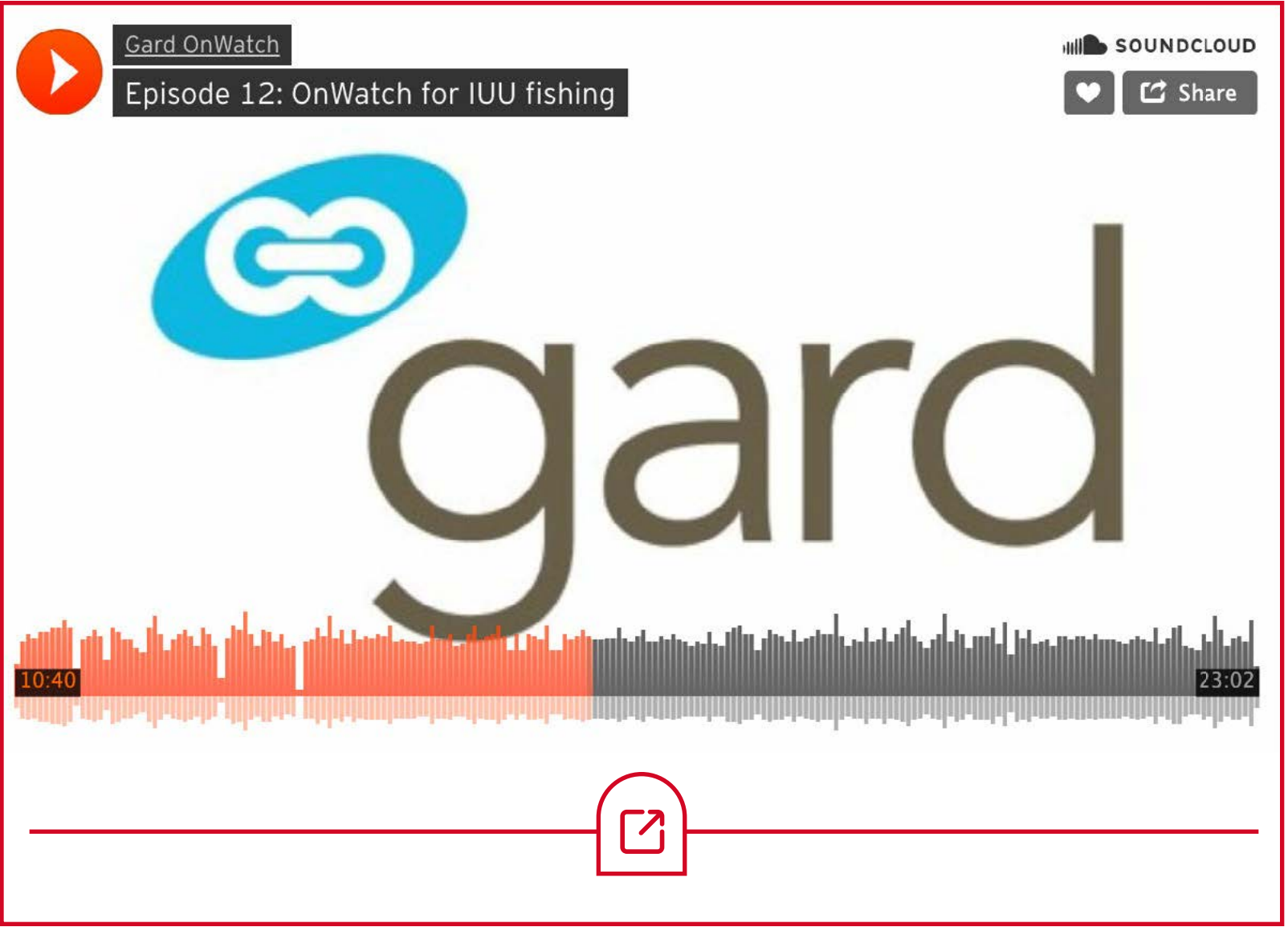
Solution

Removing access to insurance is one lever that has significant potential to reduce IUU fishing globally. ORRAA, with project delivery partners Global Fishing Watch and TM-Tracking, is leading the development of Vessel Viewer, a rapid risk assessment tool to help insurers evaluate the behaviours and characteristics of vessels to estimate their likelihood of engaging in IUU fishing. This tool will help insurers fill information gaps on the vessels they insure and will create a positive cycle of information-sharing, leading to increased transparency and improved risk assessments. The initiative, with support from AXA XL and Oceana, has also worked to assess the feasibility of requiring International Maritime Organisation (IMO) numbers – unique and permanent vessel identifiers – as a condition of insurance as well as developing policy language to stop coverage and prevent claims payments if a vessel is found to be linked to IUU fishing.

Scalability and Next Steps

The project team is engaging with insurers to build Vessel Viewer and pilot its implementation. Fourteen insurance and re-insurance companies are currently pilot testing the tool after which it will be made available to the industry as a whole.

In November, Gard’s Kim Jefferies spoke with ORRAA’s Lindsay Getschel about the [Vessel Viewer tool](#) and what it will do to increase transparency around fishing vessel activities.



5. FINANCIAL INNOVATION

Securing the Livelihoods of Seaweed Farmers: (ORIC 2021) | 01



PROJECT LEAD:
MARI Oceans

FINANCIAL SUPPORT:
Mentoring and capacity building support from the first cycle of ORRAA’s Ocean Resilience Innovation Challenge (ORIC 2021), which was financially supported by the Government of Canada and the Swiss Re Foundation

LOCATION:
South Sulawesi, Indonesia

Challenge

Seaweed or kelp is increasingly recognised as a multifaceted Nature-based Solution, with growing research pointing to its many benefits as a ‘blue food’, as well as for potential carbon sequestration, coastal protection, and as a nature-positive alternative to agriculture. The range of ecological and economic benefits offered by seaweed is likely to make its cultivation one of the fastest growing sectors in the sustainable blue economy.

Solution

To help fulfil the potential of cultivated seaweed for farmers and their families, MARI is working with farmers in South Sulawesi to upgrade the production chain using technology, enabling access to finance and insurance, and improving governance. South Sulawesi is home to more than 60 per cent of Indonesia’s seaweed farmers, and MARI’s aim is to empower them – and ultimately other communities around the world – to draw on the full economic and environmental benefits of seaweed to build their long-term resilience.



ADOBE STOCK SEAWEED FARM IN NUSA LEMBONGAN (BALI, INDONESIA)



5. FINANCIAL INNOVATION

Securing the Livelihoods of Seaweed Farmers: (ORIC 2021) | 02

MARI’s approach is designed to put every stage of the cycle into the hands of the farmers. Their solutions include ensuring that the seedlings purchased are climate resilient and high yielding, as well as to deploying sensors that monitor key variables to select the best growing sites. To rebalance the relationship with buyers, MARI is also supporting the development of a blockchain-based digital platform that provides real time aggregate data on transactions, operations and sales to harvesting teams.

As an ORIC finalist, MARI was challenged by ORRAA to refine its business model and value proposition to both investors and stakeholders. During this process, MARI has honed its financial model, expanded its connections in the seaweed and conservation sectors, and built critical skills for building its business model through the ORRAA Leadership Academy.

Scalability and Next Steps

The project aims to produce 40,000 tonnes of fresh seaweed a year by 2024 generating revenues of more than USD\$8m and stabilising income and access to finance for more than 1000 people.

In October 2022, MARI Oceans announced it had entered a funding partnership with leading impact investors – [Deliberate Capital](#) and global reinsurer group Swiss Re’s non-profit arm – the [Swiss Re Foundation](#); forging ahead the next phase of development to enhance current seaweed farming practices in Indonesia.



ADOBE STOCK SEAWEED FARMER IN NUSA PENIDA (BALI, INDONESIA)



6. FINANCIAL INNOVATION

Restoring Mangroves and Supporting Local Communities – Developing Micro Credit and Savings Schemes in Tanzania: (ORIC 2021 & 2022) | 01

Aqua-Farms Organization (AFO)

Aqua-Farms Organization is the only organisation, to date, which has received support from two waves of ORRAA's Ocean Resilience Innovation Challenge (ORIC). Founded in 2017, AFO is a youth-led, non-governmental organisation based in Tanzania. Its mission is to replenish aquatic resources through community-based conservation and nature-based sustainable aquaculture. AFO seeks to enhance food access and income security for coastal communities through research, education, and training. It also aims to empower young people and women in the aquatic resources space.



Both the recent UN Conference of Parties on biodiversity and climate change – COP15 in Montreal and COP27 in Sharm El-Sheikh – recognised that a resilient, net zero and economically secure world is not possible without a healthy, regenerating ocean. The Swiss Re Foundation is proud to continue to support ORRAA's ORIC programme, in their third cycle, as it is an initiative that is making a real difference to strengthening coastal resilience, a key focus area of the Swiss Re Foundation. We are excited to discover and support Nature-based Solutions in coastal zones that conserve or restore natural assets sustainably with the support of finance and insurance.

Stefan Huber Fux
Director, Swiss Re Foundation





6. FINANCIAL INNOVATION

Restoring Mangroves and Supporting Local Communities – Developing Micro Credit and Savings Schemes in Tanzania: (ORIC 2021 & 2022) | 02

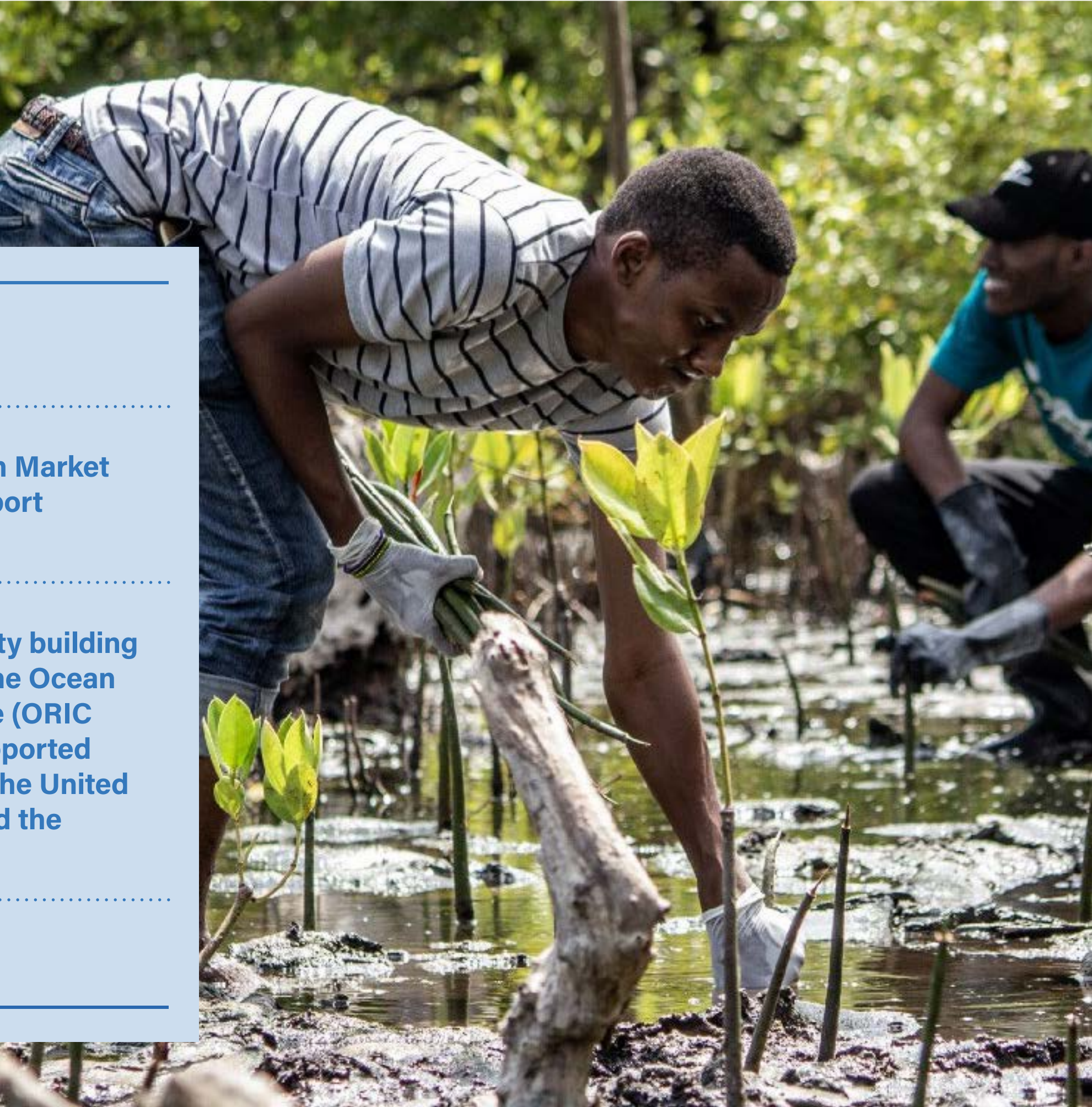
AFO and ORIC 2021

PROJECT LEAD:
AquaFarms Organization (AFO)

FINANCIAL INNOVATION:
Establishing a Voluntary Carbon Market to Restore Mangroves and Support Local Communities

FINANCIAL SUPPORT:
Received mentoring and capacity building support from the first cycle of the Ocean Resilience Innovation Challenge (ORIC 2021), which was financially supported by the Government of Canada, the United Kingdom’s Blue Planet Fund and the Swiss Re Foundation

LOCATION:
Tanzania, East Africa



ORRAA supported AFO to refine its business model and conduct research to quantify the amount of carbon sequestered by restoring mangrove forests. With direct financial support from the UK’s Blue Planet Fund, ORRAA subsequently helped AFO to plant additional mangrove seedlings and provide seven women’s groups with beehives.

After successful establishment, AFO is seeking to partner with Plan Vivo to verify its estimates, provide certification to its carbon credits, and connect with potential voluntary buyers. The project is expected to generate an estimated USD\$100,000 in revenue in its first five years through the sale of carbon credits to voluntary buyers and through beekeeping. In its first 20 years, the project will capture an estimated 60,000 tons of CO2. Beyond incentivising the restoration of precious ecosystems, the project directly benefits the community by ensuring the funds raised go to finance village facilities such as water wells and education equipment. AFO has also earmarked 15 per cent of the project’s revenue to be used for the creation of a Mangrove Conservation Fund dedicated to scale the initiative and expand it to two more mangrove forests in North Tanzania by 2030.

In parallel, AFO is also providing beehives, tools, and training to over 40 women in Mbweni and Kunduchi, empowering them to earn an independent and sustainable alternative source of income through beekeeping and the sale of honey and derived products.

6. FINANCIAL INNOVATION

Restoring Mangroves and Supporting Local Communities – Developing Micro Credit and Savings Schemes in Tanzania: (ORIC 2021 & 2022) | 03

AFO and ORIC 2022

PROJECT LEAD:
Aqua-Farms Organization (AFO) and Sea PoWer

FINANCIAL INNOVATION:
Microcredit and saving schemes

FINANCIAL SUPPORT:
Received mentoring and capacity building support from the second cycle of the Ocean Resilience Innovation Challenge (ORIC 2022), which was financially supported by the Swiss Re Foundation and the United Kingdom’s Blue Planet Fund

LOCATION:
Tanzania, East Africa



AFO/SEAPOWEE SEAWEED FARMERS IN TANZANIA

In 2022 AFO, in partnership with Sea PoWer, received support from the second wave of ORIC (ORIC 2022).

The climate crisis and unsustainable fishing practices are threatening the livelihoods of vulnerable coastal communities. With ORRAA’s support, Aqua-Farms Organization (AFO) and Sea PoWer are helping to build more resilient livelihoods by rolling out deep-water tubular net seaweed farming technology through microcredit and saving schemes. The project also focuses on training women to produce seaweed using tubular nets, improving financial literacy and helping them add value to their crops. Seaweed farmers will be given access to microcredit and saving schemes so they can purchase and maintain this new equipment. Concurrently, AFO and Sea PoWer will also train women in financial literacy and how to produce seaweed derived products such as soap, shampoo, lotions, juice, jam, salads, cakes and noodles.



SEAPOWEE EXAMPLE OF TUBULAR NET



SEAPOWEE SEAWEED PRODUCTS



7. FINANCIAL INNOVATION

Supporting Small-Scale Fishing Communities in Africa: (ORIC 2022) | 01



PROJECT LEAD:
ABALOB

FINANCIAL SUPPORT:
Received mentoring, training and financial support from the second cycle of the Ocean Resilience Innovation Challenge (ORIC 2022), which was financially supported by the UK Government’s Blue Planet Fund and the Swiss Re Foundation

LOCATION:
South Africa based, operating in 12 countries across the globe

ABALOB employs 40 people, half of whom reside in fisher communities. It is based in South Africa, where it has the lion’s share of its operations, with smaller projects in the Seychelles and operations in 10 other countries. Through a combination of technology, skills development and codesign, fishers who use the ABALOB Marketplace can divert a portion of their income into a savings account as set percentages of their catch revenue, building a fund for key boat or household expenses, and other essential needs during their off season.

Challenge

Small scale fishers in Africa, as in the global South in general, find it hard to access finance or build financial management skills. They are in a very real sense financially excluded. Their cash position fluctuates with the seasons and how much they catch as well as with customer payment terms. They are unable to access savings, loans, credit and insurance products. This leads to coastal communities living precariously, often hand-to-mouth, often also in debt to loan sharks, and with reduced resilience to external shocks.

Solution

To solve this challenge ABALOB runs a platform for small scale fishers through a technical application that can be used on smart phones. It gives them access to financial services, including savings accounts, and exposure and experience in financial management.

The App also has a full suite of tools that combine e-commerce with logistics, deliveries and digital payment gateway integrations as well as marketing, data services, training and community development. This creates an enabling environment for a transition to fully reported fisheries, fisheries rebuilding and conservation.



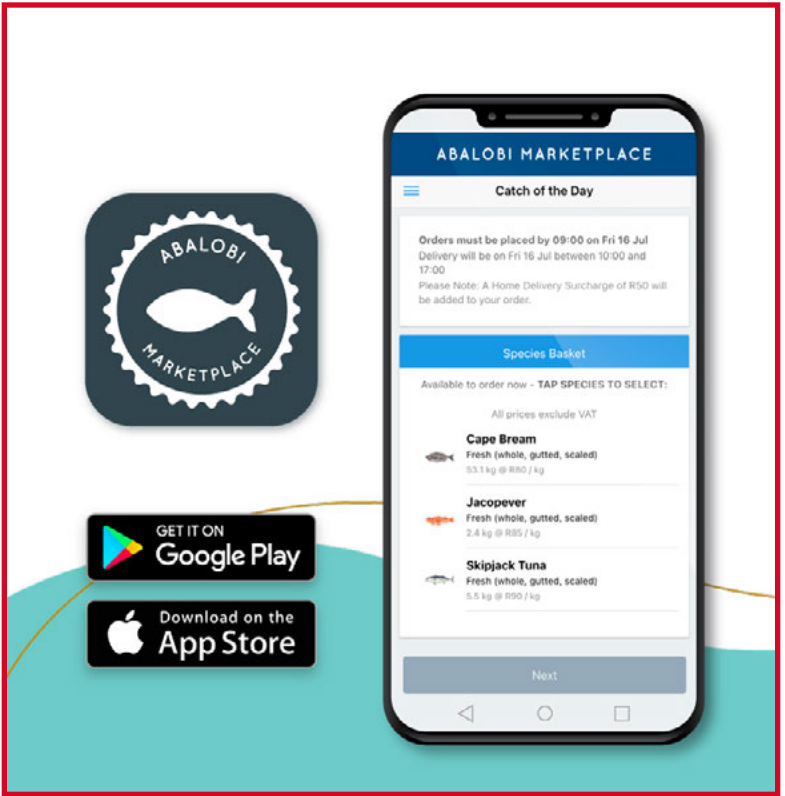
7. FINANCIAL INNOVATION

Supporting Small-Scale Fishing Communities in Africa: (ORIC 2022) | 02

Scalability and Next Steps

ABALOBI currently deploys its platform in South Africa and the Seychelles. It works through partners and a replication model in its other jurisdictions across the world. Its 2026 vision, “Marking the next stage in its growth”, envisions itself becoming a global catalyst of fisher-driven technology, small-scale fisheries markets and financial services provider. Each deployment reaches profitability within a few years, and, after that, it contributes to the scaling of the global programme.

ORRAA is supporting ABALOBI to further improve its bundled financial services offering, improve sign-up and support as more and more fishers are onboarded. This will scale the savings mechanism currently in pilot to all participating fishers. ORRAA team members are also advising ABALOBI on its strategy to scale in Southern Africa and globally.





8. POLICY & GOVERNANCE

Delivering a Sea-Change: A G7 Ocean Finance Deal | 01

Delivering a Sea-Change: A G7 Ocean Finance Deal

@NASA & @USGS
Great Barrier Reef

In June 2022, Europe Jacques Delors Institute and ORRAA launched a jointly commissioned report calling on the G7 to secure financing to prevent Ocean degradation. The report was co-authored by leading financiers, scientists and policymakers from G7 countries and focused on how G7 leaders could put financial muscle behind what has been termed the eighth largest economy in the world: the Ocean.

Contributors included **Claudio de Sanctis**, CEO of Deutsche Bank's International Private Bank, **Pascal Lamy**, President of the Paris Peace Forum, **Geneviève Pons**, Director General of Europe Jacques Delors, **Enrico Letta**, President, Institut Jacques Delors, **Jean-François Pons**, Chair, European Money Market Institute, **Markus Müller**, Global Head of Chief Investment Officer Private Bank, Deutsche Bank, **Kristian Teleki**, Ocean Programme World Resources Institute and Director, Friends of Ocean Action at the World Economic Forum, **Professor Anya M. Waite**, CEO and Scientific Director of Canada's Ocean Frontier Institute, **Torsten Thiele**, Founder of Global Ocean Trust and ORRAA Senior Advisor on Blue Finance, and ORRAA's **Karen Sack**.

The report identified a four-point Ocean finance action plan:

1

REPORTING, DISCLOSURE AND EXCLUSION

Small scale fishers in Africa, as in the global South in general, find it hard to access finance or build financial management skills. They are in a very real sense financially excluded. Their cash position fluctuates with the seasons and how much they catch as well as with customer payment terms. They are unable to access savings, loans, credit and insurance products. This leads to coastal communities living precariously, often hand-to-mouth, often also in debt to loan sharks, and with reduced resilience to external shocks.

2

PRINCIPLES AND STANDARDS FOR A SUSTAINABLE OCEAN ECONOMY

We need agreed quality standards and verification processes for sustainable blue finance products from loans to bonds to credits. The United Nations Environment Programme's Finance Initiative's (UNEP-FI) Sustainable Blue Economy Financing Principles and the UNFCCC's Ocean and Climate Change Dialogue can both help to close knowledge gaps and boost ocean-climate action.



8. POLICY & GOVERNANCE

Delivering a Sea-Change: A G7 Ocean Finance Deal | 02

3

COOPERATION ENGAGEMENT AND PUBLIC-PRIVATE PARTNERSHIPS

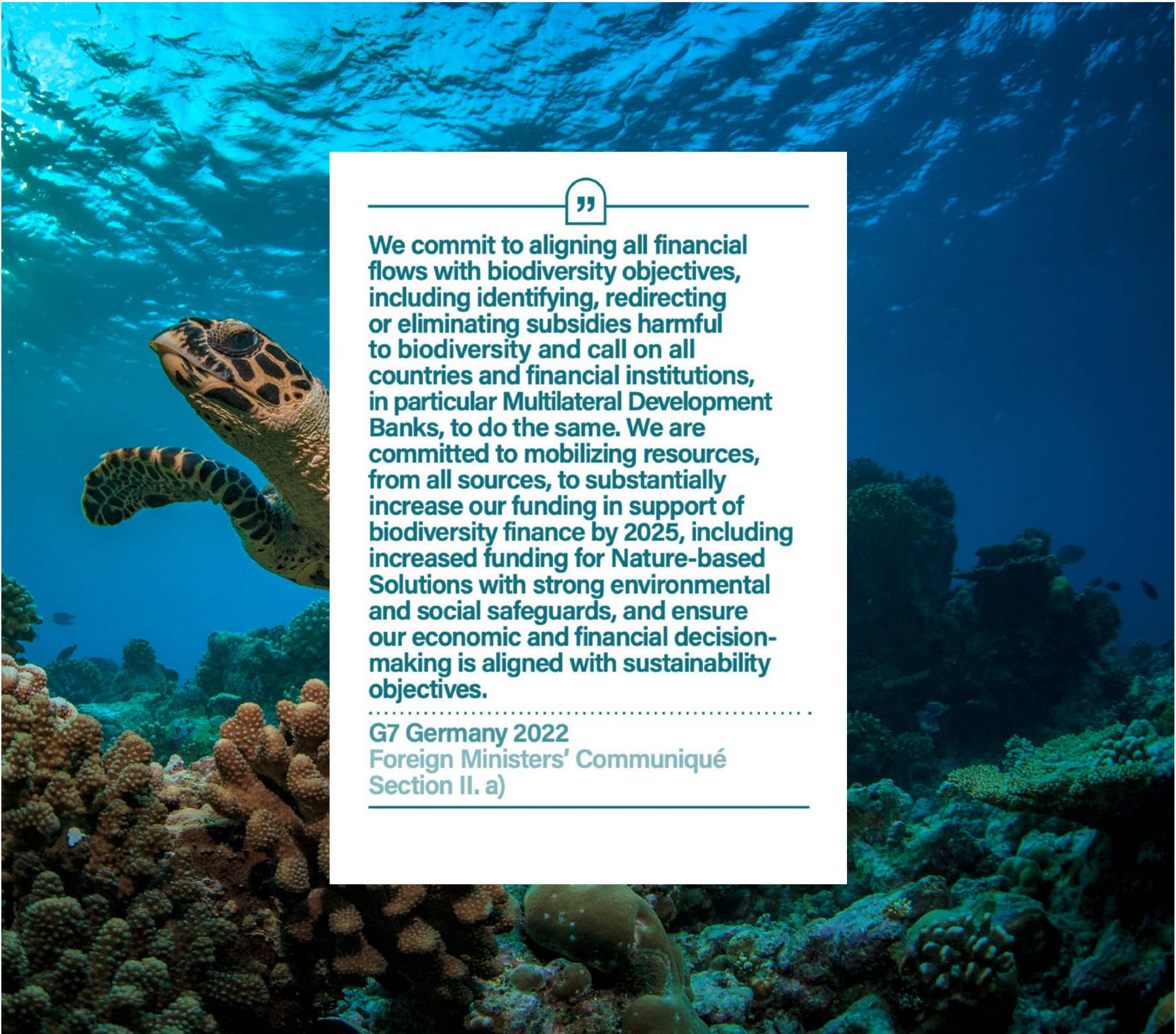
Governments need to take policy and regulatory leadership and help to facilitate private sector engagement into projects both through direct support and blended finance, and through risk reduction concepts like insurance. Developing a broader global Ocean finance architecture that supports a rapid transition and provides entry points for Ocean technology, innovation for sustainability and for significant investments into the protection of blue natural capital within and beyond national borders, is key.

4

PRINCIPLES AND STANDARDS FOR A SUSTAINABLE OCEAN ECONOMY

Investments are needed in early-stage, nature-positive and Ocean-science-based opportunities, in profitable and job-creation activities respectful of biodiversity, as well as through large-scale investment into coastal blue infrastructure that is zero-carbon, resilient, equitable, biodiversity positive and implements Nature-based Solutions.

The G7 Foreign Ministers' Communiqué of 14 May stated that the G7 is committed to mobilising resources, from all sources, to substantially increase funding in support of biodiversity finance by 2025, including increased funding for Nature-based Solutions with strong environmental and social safeguards, and ensure our economic and financial decision-making is aligned with sustainability objective.



”

We commit to aligning all financial flows with biodiversity objectives, including identifying, redirecting or eliminating subsidies harmful to biodiversity and call on all countries and financial institutions, in particular Multilateral Development Banks, to do the same. We are committed to mobilizing resources, from all sources, to substantially increase our funding in support of biodiversity finance by 2025, including increased funding for Nature-based Solutions with strong environmental and social safeguards, and ensure our economic and financial decision-making is aligned with sustainability objectives.

G7 Germany 2022
Foreign Ministers' Communiqué
Section II. a)



9. POLICY & GOVERNANCE

The United Nations Ocean Conference | 01

ORRAA hosted its inaugural in-person member meeting in the margins of the UN Ocean Conference in Lisbon, Portugal, on 27 June 2022.



The meeting showcased the work undertaken by ORRAA and our members to drive investment into coastal and Ocean resilience solutions and highlighted the projects and tools being implemented around the world. The member meeting was a space for building new connections and partnerships and highlighting ideas and solutions, which ORRAA will work with its members to implement and grow beyond the UN Ocean Conference.

The day-long member meeting focused on the key challenges to mobilising finance and filling data gaps, the importance of incorporating nature into finance and insurance solutions and driving momentum throughout the 2022 Ocean “Super Year”. John Kerry, the US Special Presidential Envoy for Climate and the Rt Hon Lord Zac Goldsmith, then the UK’s Minister for Pacific and the Environment at Foreign, Commonwealth & Development Office (FCDO) and Department for Environment, Food & Rural Affairs (DEFRA),

highlighted the importance of urgent and impactful action to build a more sustainable ocean as core to tackling the climate crisis.

Nigel Topping, the UK’s High-Level Climate Champion spoke to key priorities as we moved from Lisbon to COP27 in Sharm El-Sheikh, and Ambassador Ilana Seid, Palau’s Permanent Representative to the UN, spoke to the key imperatives for large Ocean States coming out of Palau’s Our Ocean meeting in April. Ulrike Decoene, ORRAA Inc’s new Board Chair, gave a keynote address highlighting the role the private sector can play in driving ocean investment and the development of new solutions.

The meeting also highlighted work being done by our members to implement resilience projects around the world, including through the Stockholm Resilience Centre, IUCN’s Blue Natural Capital Financing Facility, University of California, Santa Cruz, the Stimson Center, the Commonwealth Blue Charter, Global Fishing Watch, WTW



9. POLICY & GOVERNANCE

The United Nations Ocean Conference | 02

the Mesoamerican Reef Fund, Rare, the Asian Development Bank, WILDTRUST’s Wild Oceans programme, and Salesforce.

The afternoon focused on putting some of the best brains in the business around the table to focus on developing key solutions. Five Solution Labs brought members together to problem-solve challenges and breakdown siloes, strengthen partnerships and shape new ideas to carry beyond Lisbon. The Labs focused on expanding parametric insurance for Nature-based Solutions; implementing blue carbon solutions; further developing the Sea Change Impact Financing Facility; growing the pipeline of investment-ready, community-led projects; and, financing a sustainable ocean through blue bonds and debt for nature swaps. The Labs convened the expertise of the Alliance to share knowledge and best- practices towards achieving our collective mission.

Each of the Labs were hosted by our members leading work on these issues including WTW, the Mesoamerican Reef Fund, Conservation International, Salesforce, Rare, Limketkai Impact Finance, WWF, the Global Resilience Partnership, Deutsche Bank, the Nature Conservancy, and the Asian Development Bank.

The meeting also highlighted the growing momentum behind the development of the Sea Change Impact Financing Facility (SCIFF). We announced new partners stepping up to work on its development including our lead global banking and insurance partners Deutsche Bank and AXA, as well as BNP Paribas, the Commonwealth Secretariat through its Blue Charter initiative, IUCN, and the Insurance Development Forum represented by its members Milliman, AXA XL and WTW. Additional partners such as Blue Finance, Sea Green and Investable Oceans have also come on board. The Asian Development Bank also announced it would collaborate with SCIFF to scale blue investments in Asia and the Pacific.



”

People living in coastal communities are among those most vulnerable to climate change. This impressive first wave of projects will not only have an impact now, but also has the potential to be scaled up. We must do more to protect our coastlines and oceans, and all of those who depend on them.

The Hon. Steven Guilbeault
Minister of Environment and Climate Change
Canada

MEMBER MEETING IN NUMBERS

5	Solution Labs	58	Member Organisations
21	Speakers	89	In-Person Attendees
40	Virtual Attendees		

As a key announcement of the day, ORRAA and Canada’s Minister of Environment and Climate Change, the Hon. Steven Guilbeault, launched a new [Call for Proposals](#) for the next generation of innovative finance and insurance projects which will build resilience in coastal communities and the Ocean.

[A full report on the meeting was provided](#) to the ORRAA community following the UN Ocean Conference.

Throughout the week, ORRAA members convened numerous side events, panels and receptions. The Commonwealth Secretariat, an Institutional Partner of ORRAA, organised a series of key events highlighting their Blue Charter Action Groups and the role of blue finance and showcasing their work with the Stimson Center on resilience and vulnerability in coastal cities.

Also in Lisbon, the World Economic Forum through its Friends of Ocean Action Mangroves Working Group joined forces with ORRAA, Salesforce, Conservation International and The Nature Conservancy, with the support of Meridian Institute, and launched the draft Blue Carbon Principles and Guidelines. Through a side event and a three-hour working session, partners were asked to contribute to the development and elaboration of the Principles which will be finalised for release at COP27.

Overall, throughout the five days of the Conference, ORRAA co-hosted three side events and participated and spoke at over 30 roundtables, side events, and receptions.

10. POLICY & GOVERNANCE

DB x ORRAA Ocean Conference



The inaugural Deutsche Bank x ORRAA Ocean Conference in Soller, Mallorca, aimed to de-mystify the sustainable blue economy and show how private capital can help achieve positive ocean impact at scale.

Deutsche Bank is ORRAA’s global lead banking partner.

Together, we were delighted to bring together Deutsche Bank clients as well as some of the world’s leading scientific experts and ocean advocates to the conference – and shed light on ground-breaking innovations and revolutionary technologies from the 1000 Ocean Start-ups coalition. Ocean impact start-ups attending the conference included DRIFT Energy, EcoSubsea, Ocean Bottle, Matter, Avant Meats, Biofeyn, Coral Vita, ECONcrete and Bound4Blue.

Ocean advocates Lewis Pugh OIG and Sir Ben Ainslie CBE urged accelerated Ocean protection. Pugh summed up the urgency and importance of this effort when he said: “We need to redouble our efforts to protect the Ocean and act every single day. As the planet’s biggest carbon sink, the Ocean’s health is vital to limiting the impact of climate change, especially for vulnerable habitats like coral reefs.”

The conference was an important stepping-stone in terms of further developing the investment community for the Ocean. Former President of Costa Rica and ORRAA Inc. board member, José María Figueres, closed the convening at a dinner following the conference by saying, “as an outcome of this event, I would propose that we carry in our hearts a Mallorca Mandate, which consists of a personal commitment to do the double shift that Lewis spoke about last night. Not only a double shift as individuals, but also a double shift as a community ... to form a much stronger current in favour of the ocean and the blue economy, where we can make a lot more progress at a much larger scale than we have so far.”

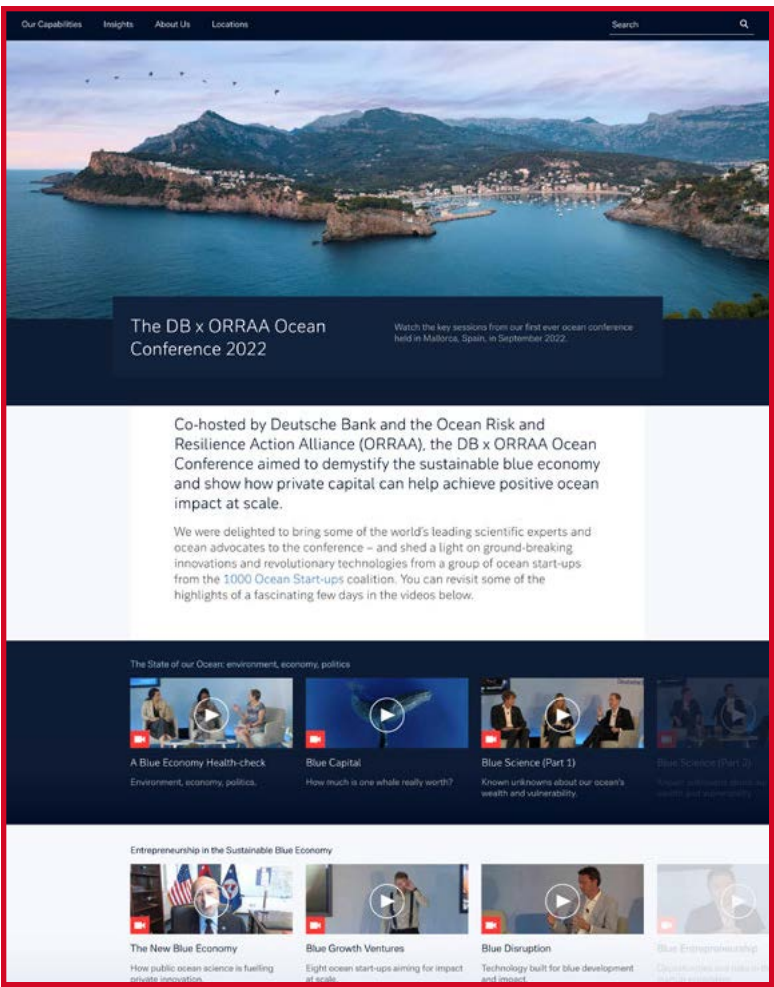


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Claudio de Sanctis
Global Head of Deutsche Bank’s International Private Bank (IPB) and Chief Executive Officer of EMEA, opening the convening, said:

.....

Deutsche Bank is committed to accelerating sustainable solutions for the Ocean by enabling private capital into Ocean finance to create lasting impact for future generations.



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We need to redouble our efforts to protect the Ocean and take action every single day. As the planet’s biggest carbon sink, the Ocean’s health is vital to limiting the impact of climate change, especially for vulnerable habitats like coral reefs.

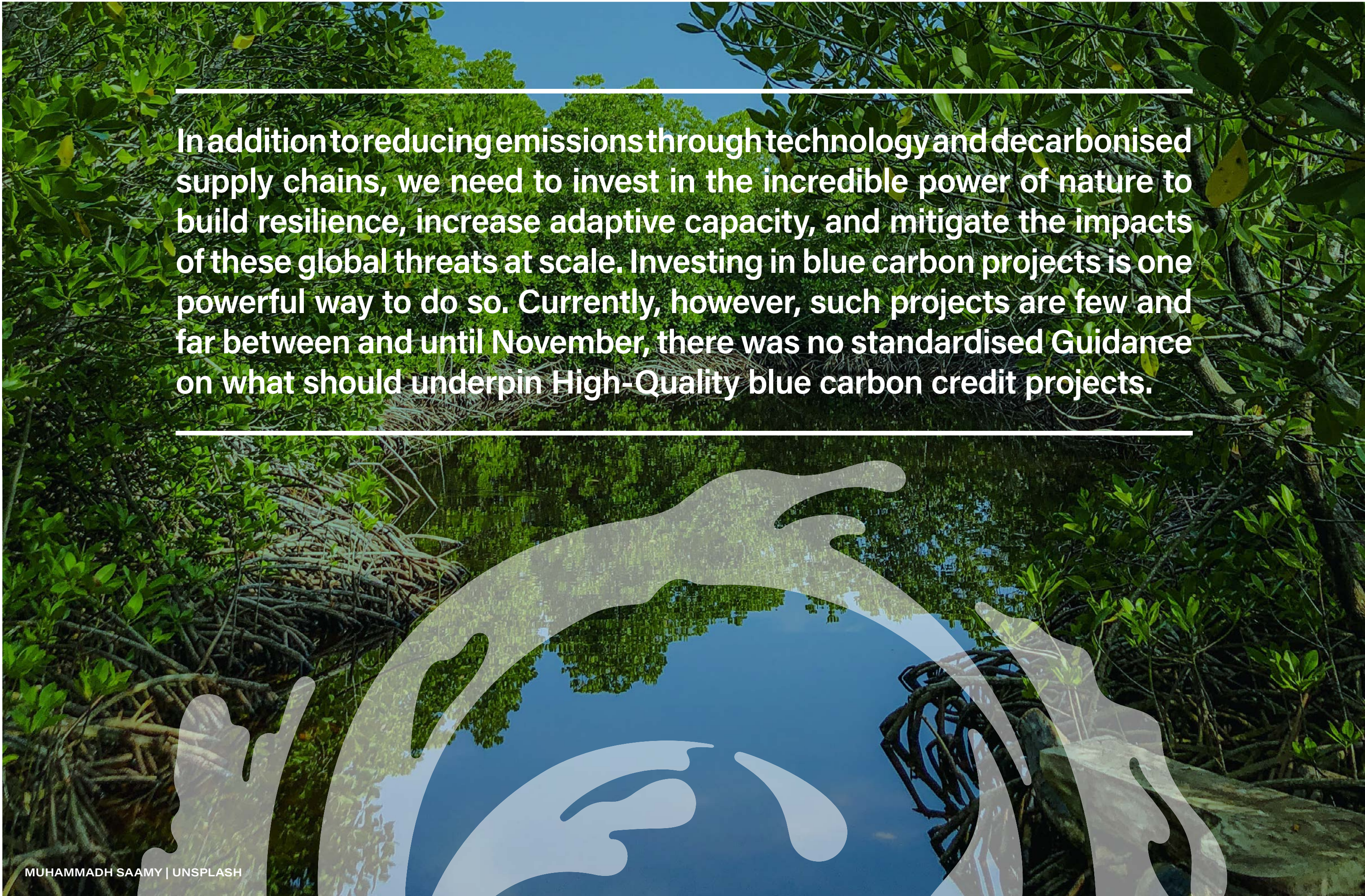
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Lewis Pugh
OIG, UN Patron of the Oceans

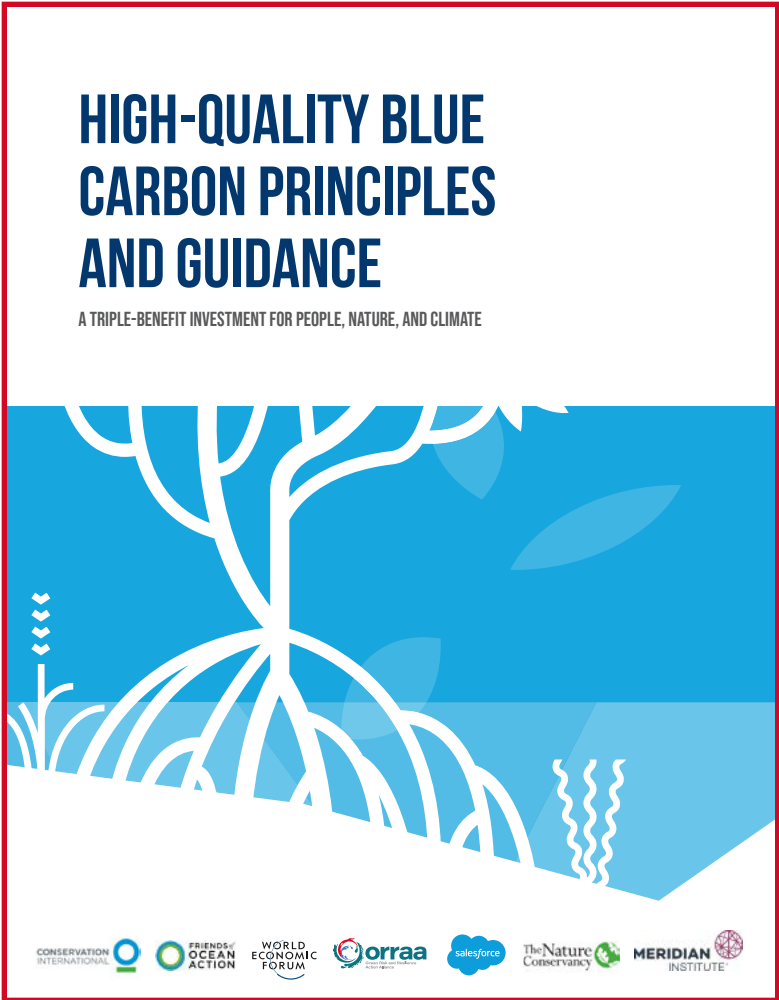


11. POLICY & GOVERNANCE

High-Quality Blue Carbon Principles and Guidance | 01



In addition to reducing emissions through technology and decarbonised supply chains, we need to invest in the incredible power of nature to build resilience, increase adaptive capacity, and mitigate the impacts of these global threats at scale. Investing in blue carbon projects is one powerful way to do so. Currently, however, such projects are few and far between and until November, there was no standardised Guidance on what should underpin High-Quality blue carbon credit projects.



High-quality blue carbon projects can conserve, protect, and restore lost and degraded coastal ecosystems. In so doing, they can improve livelihoods, protect cultural heritage, maintain food security, and provide coastal protection for local communities. In addition, healthy coastal ecosystems improve water quality, serve as nursery grounds for fisheries, and capture and store carbon.

ORRAA, with Salesforce, Conservation International, The Nature Conservancy, Friends of Ocean Action/Ocean Action Agenda at the World Economic Forum, and with the support of the Meridian Institute, launched the [“High-Quality Blue Carbon Principles and Guidance: A Triple Benefit for People, Nature and Climate”](#) at the United Nations’ Climate Conference in Sharm El-Sheikh, Egypt.

The Principles and Guidance provide a consistent and understandable approach to guide the development and management of blue carbon projects that are equitable, fair, and credible.

11. POLICY & GOVERNANCE

High-Quality Blue Carbon Principles and Guidance | 02



A year-long global consultative process that consolidated existing knowledge and best practices directly informed the development of the Principles and Guidance, to build a shared vision for achieving high-quality blue carbon projects and credits for all stakeholders. Engagement efforts brought together scientists, developers, investors, buyers, and certifiers to produce a set of clear, concise principles and guidance that need to underpin and characterize high-quality blue carbon projects and credits.

According to the Principles and Guidance, “Protecting and restoring ecosystems rich in carbon and biodiversity can provide up to ten gigatons CO2e (carbon dioxide equivalent) emissions reductions ([Griscom et al. 2017](#)), roughly 30 per cent of the mitigation needed to address this climate crisis.

Coastal ecosystems like mangrove forests, tidal marshes, and seagrass meadows sequester and store vast amounts of carbon and are now being recognized for their role in mitigating climate change ([International Union for Conservation of Nature 2017](#)).

”

This framework is one contribution to the growing dialogue around high-quality blue carbon. We hope these principles will serve as a foundation for actions that ensure equity, accountability, transparency, and sustainability in the blue carbon space.

.....

Dr. Whitney Johnston
Salesforce
Director of Ocean Sustainability

JOHN MARK ARNOLD | UNSPLASH

”

We set out to define a vision for high-quality blue carbon across all aspects of a project over its lifetime. We recognize that it’s unlikely that any given project will meet every element of the guidance in full tomorrow. Our intent is not to set a bar that is impossible to achieve and therefore exclusionary, but rather to provide guidance and perhaps more importantly, a pathway for delivering the best possible outcomes.

.....

Dr. Jennifer Howard
Vice President
Conservation International



11. POLICY & GOVERNANCE

High-Quality Blue Carbon Principles and Guidance | 03

These “blue carbon” ecosystems serve as barriers against storm surges, flooding, and erosion. They provide critical habitats, clean our air and water, and regulate our climate by sequestering and storing carbon. Coastal blue carbon ecosystems are valued at over USD\$190BN per year ([Bertram et al. 2021](#)) and are estimated to reduce costs associated with impacts such as flooding by over USD\$65BN annually ([Leal and Spalding 2022](#)).”

The sponsors of this work share a vision for quality that can serve a foundational role in building confidence and momentum around blue carbon project development and investments

THE FIVE PRINCIPLES, EACH OF EQUAL IMPORTANCE, ARE:

- 1. Safeguard nature
- 2. Empower people
- 3. Employ the best information and carbon accounting principles
- 4. Operate contextually and locally
- 5. Mobilise high integrity capital

With 19 early adopters already signed on, the framework aims to serve a foundational role in building confidence and momentum around blue carbon project development and investments. The co-sponsors of this work are now keen to take the Guidance and Principles to the next level and look forward to doing so in 2023.



To effectively confront climate change, we must harness the full power of nature – including marine systems. As the demand for Blue Carbon continues to grow, it is imperative that we use the latest science to continually raise the bar of excellence, so buyers, civil society, and others fully trust these credits are accelerating climate progress. These new principles and guidance will help ensure Blue Carbon credits are being developed equitably, transparently, and at the highest levels of quality.

Emily Landis
Climate and Oceans Lead for The Nature Conservancy



12. POLICY & GOVERNANCE

UNFCCC COP27 | 01



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The United States recognises that, to achieve maximum results, our actions to protect and conserve nature and our efforts to mitigate and adapt to climate change must be closely aligned. Our life-giving ocean is the world’s last, and greatest, defense against climate change. The United States is proud to work together with ORRAA to protect our ocean.

John Kerry
Special Presidential Envoy for Climate



In addition to speaking at various events throughout the COP and meeting with many existing and new partners and friends, ORRAA convened a workshop at the Resilience Hub on Finance Day that saw 40 invited participants including Ministers from the Maldives and Gabon speak to the challenges of financing a sustainable blue economy for Africa’s coasts and ocean. The Lagos city Commissioner spoke to the resilience issues they are dealing with, South Africa’s WildOceans project focused on financing marine protected areas (MPAs) and IUCN’s Great Blue Wall project presented on the challenges they face as well as the opportunities for investment in the region. Held under the Chatham House Rule, the event then saw inputs from the Insurance Development Forum, Deutsche Bank, UNDP, Standard Chartered and Stimson Center, among others. The event also marked the beginning of a workstream that ORRAA is undertaking with WildOceans through a Blue Action Fund grant, to identify sustainable financing paths for MPAs and the Sustainable Blue Economy in Southern Africa.

In Africa, 38 countries are coastal with a combined maritime zone of 13m square kilometres. Almost 50m coastal jobs are supported through blue economy sectors, generating USD\$296BN annually. The African Union has projected the value of Africa’s blue economy will increase to USD\$405BN by 2030 and has termed this growth the “New Frontier of African Renaissance.”

There is a growing concern that climate change, particularly the frequency and severity of extreme weather events, will erode coastal and ocean natural capital that underpins the economic security of African coastal nations. There needs to be increased investment into coastal and ocean natural resources, which links to investment into adaptation and loss and damage solutions. In addition, the Organisation for Economic Co-operation and Development (OECD) estimates that Small Island Developing States (large ocean states) receive less than two per cent of climate finance. There is a need to move beyond grants-based finance and access private capital to implement projects that deliver resilient and biodiversity positive outcomes. These all were issues discussed at ORRAA’s primary convening during COP27: [An ORRAA Solution Session focused on Investing in African Coastal and Ocean Resilience.](#)

Key ORRAA actions at COP27 included the United States, Canada and United Kingdom announcing significant investments in Ocean risk and resilience projects amounting to a total of USD\$19.8m.

On Thursday 10 November 2022, the United States announced it was investing USD\$1m in three key ORRAA projects: i) [CORVI](#); ii) [CRI](#) and the third wave of the [Ocean Resilience Innovation Challenge \(ORIC\)](#).

12. POLICY & GOVERNANCE

UNFCCC COP27 | 02



“
... we are proud to ... invest into and scale projects which build resilience for some of the world's most climate vulnerable coastal people, and mitigate ocean risk.
.....
The Hon. Steven Guilbeault
Minister of Environment and Climate Change
Canada

The COP saw increasing recognition and understanding of the link between protecting nature, and specifically the Ocean, and climate change. Insiders observed it was “an increasingly blue COP, with the Ocean identified in the final declaration ... the Ocean community was strongly mobilised during COP27.” Although COP27 may not have achieved what is needed to keep the world on track to limit warming to 1.5 degrees centigrade, there was an historic breakthrough on the establishment of a Loss and Damage Fund for those countries most vulnerable to climate change, with the final declaration citing the Ocean.

On Wednesday 16 November, Ocean Day at COP27, Canada announced as part of its CAD\$9m (circa USD\$6.8m) grant to ORRAA, it will invest in projects that will have the maximum positive impact on building coastal resilience and mitigating ocean risk through innovative finance and insurance products in the Global South: i) A Blue Finance blended finance facility, for projects in Belize, Cabo Verde, Dominican Republic, Fiji, Mozambique, Philippines, and Tanzania; ii) A Rare project piloting weather index-based parametric insurance tool for small-scale fishers in the Philippines linked to open-ocean wind speed, wave height, and rainfall which prevent safe fishing; iii) The MAR Fund extending parametric hurricane insurance to reef sites in Colombia, Belize and Costa Rica; iv) A Stockholm Resilience Centre grant to increase the visibility of women’s contributions to fisheries across the global south and the associated food, livelihood and well-being-related benefits; v) Comunidad y Biodiversidad’s PescaData app connecting fishers in Mexico, Honduras, Colombia and Guatemala with investors, providing them with microcredit and loans.

“
The UK Government is continuing to demonstrate international leadership on nature and climate by... pledging an additional GBP£12m to the Ocean Risk and Resilience Action Alliance (ORRAA) to mobilise investment in coastal and ocean natural capital.
.....
Rt Hon Dr Thérèse Coffey MP
Secretary of State for Environment
Food and Rural Affairs



Ocean Day also saw the United Kingdom announced that its Blue Planet Fund is increasing its investment in ORRAA sixfold, from GBP£2m to GBP£12m.

FORWARD FOCUS

Building the Sea Change Impact Financing Facility (SCIFF) | 01



ORRAA takes an ecosystem approach to how more investment can be channelled into coastal communities and the Ocean.

Projects covered in this Action Report showcase how the Alliance is incubating and accelerating projects from the grassroots upwards. However, against the backdrop of the challenges the planet faces in relation to climate and biodiversity, it is more important than ever to innovate financially at scale to catalyse investment.

Even though the Ocean is changing more quickly now than at any time in the past 65 million years – less than one per cent of climate finance is invested into marine and coastal Nature-based Solutions.

ORRAA is now spearheading a means of channelling significant investment into coastal and ocean natural capital. The Sea Change Impact Financing Facility (SCIFF) aims to drive at least USD\$1Bn of investment into coastal and ocean ecosystems by 2030, a springboard from which to mobilise at least USD\$2.5Bn of broader finance capital into this space.

The SCIFF takes a systemic approach to building this new global ocean financing architecture – creating an investment ecosystem for sustainable initiatives, developing at speed and at scale, assembling it from individual projects to aligned platforms, and engaging investors and insurers through dedicated finance intermediaries.

This multi-layered facility will provide an architecture for the global coastal and ocean project financing space, while complementing and responding to efforts already underway including impact funds, NGOs, corporates and Multilateral Development Banks, as well as facilitating new entrants. Each element will focus on impactful investable opportunities, so helping to attract additional sources of capital; and providing concessional capital to de-risk and accelerate investments into coastal and ocean resilience. It also includes work on standards and guardrails.

FORWARD FOCUS

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The development of the SCIFF was announced at the One Ocean Summit hosted by France in February 2022, where ORRAA also convened a working side-event with partners to begin to develop and conceptualise this emerging framework. It attracted high-profile support from financial and insurance institutions and international organisations.

The Alliance’s lead global partners Deutsche Bank and AXA, as well as BNP Paribas, have supported the development of the SCIFF, along with the Commonwealth Secretariat through its Blue Charter initiative, IUCN and the Insurance Development Forum represented by its members Milliman and WTW. Additional partners such as Blue Finance, Earth Security, Sea Green, Investable Oceans and South Pole Carbon Asset Management, Ltd. have also come on board during 2022. The Asian Development Bank will collaborate with the SCIFF to scale blue investments in Asia and the Pacific.



THE SCIFF IS CURRENTLY FOCUSED ON THREE INTERLINKED AREAS:

Firstly, a developing a **“Blue Resilience Hub”** to act as a framework “marketplace” drawing on existing and emerging platforms to identify and select sustainable projects and effective project developers. It will link them to risk management expertise and potential investment pathways. The aim is to allow cost-effective transactional processes and innovative ecosystem services assessments, such as blue carbon and others, to help deliver value and economic opportunity. The Blue Resilience Hub will put specific guardrails in place to ensure that the supply and demand for such projects meets specific selection criteria and standards. The partner platforms aligned with the Hub will range from innovative private and public sector initiatives, to experienced technical assistance partners.

Secondly, a **“Finance Umbrella”** will sit at the core of the SCIFF. Working with ORRAA’s finance sector partners, it will support a range of new investment formats including funds, facilities and mechanisms to attract significant funding from experienced investors and address specific opportunities and pathways into coastal and ocean resilience. It will focus on investment opportunities, such as catalytic finance into blue infrastructure projects, co-investment alongside existing impact funds into sustainable blue economy opportunities, and capital market transactions including blue bonds and resilience finance. Drawing on the wider resources of ORRAA members, the Finance Umbrella will also be able to blend various types of finance with different risk appetites and include technical assistance to help grow the investable project pipeline.

Finally, a **“Risk Transfer Platform”** will focus on providing risk assessment standards, as well as existing and innovative risk transfer solutions, for coastal and ocean projects identified and/or developed by the Blue Resilience Hub or under the Finance Umbrella. Its aim will be to better enable investment by facilitating the transfer of risks which the project or investor is not willing to cover, to those better positioned to bear them in the private insurance market.



The creation of this new ecosystem, together with ORRAA’s investments into scalable projects with the prospect of bankable returns, will enable the deployment of billions of dollars into nature-positive coastal and ocean resilience over the next decade.

ORRAA has driven this work forward during 2022 and will continue to develop the SCIFF and its component parts during 2023.

*The terms “Blue Resilience Hub”, “Finance Umbrella” and “Risk Transfer Platform” are working titles for these functions that might change as the iterative process of developing the SCIFF evolves



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