

2022 UNITED NATIONS CLIMATE CHANGE CONFERENCE
RESILIENCE HUB

Investing in African Coastal and Ocean Resilience An ORRAA Solution Session

#Copresiliencehub



Images | L-R:

1. Karen Sack
Executive Director, Ocean Risk and Resilience Action Alliance
2. H.E. Aminath Shauna
Minister of Environment, Climate Change and Technology,
Republic of Maldives
3. Ekhosuehi Iyahen
Secretary General, Insurance Development Forum
4. Thomas Sberna
Regional Head – Coastal and Ocean Resilience,
International Union for Conservation of Nature (IUCN)
5. Marisa Drew
Chief Sustainability Officer, Standard Chartered Bank

Overview



The ORRAA Investing in African Coastal and Ocean Resilience workshop is part of a series of ORRAA Solution Session's that have taken place this year. The workshop brought together over 40 representatives from governments, multilateral organisations, civil society, and the private sector to showcase innovative ocean finance solutions already underway and have a productive discussion on what changes are needed to drive our collective work forward, with a particular focus on building sustainable investment tools.



Workshop participants highlighted ocean finance solutions already deployed in Africa that are delivering genuine impact in local communities, while mitigating ocean and climate risk. They also spoke to the challenges of lack of investment.

To build resilience, investing in coastal and ocean natural capital is key. However, climate change is compounding human pressures including unchecked coastal development, resource overexploitation, and illegal, unreported, and unregulated fishing. Combined, these mounting risks threaten coastal resources, which in turn cripple local livelihoods and erode the potential sustainability of Africa's sustainable blue economy.

Despite a growing need, investment into Africa's sustainable blue economy is relatively small. Participants discussed how can we close this gap and link nature positive projects with public and private capital to accelerate change.

Discussion Highlights: Growing Climate Change Impacts



In Africa, 38 countries are coastal with a combined maritime zone of 13 million square kilometres. Almost 50 million coastal jobs are supported through blue economy sectors, generating \$296 billion annually. The African Union has projected the value of Africa's blue economy will increase to \$405 billion 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.

- The [OECD estimates](#) that large ocean states receive less than 2% of climate finance. In addition, there is a need to move beyond grants-based finance and access private capital to implement projects that deliver resilient and biodiverse positive outcomes.

Sustainably managed coastal and ocean natural resources underpin a successful blue economy. To do this, efforts are underway across Africa to maintain and expand Marine Protected Areas (MPAs). For example, the government of Gabon has made progress to expand sustainable ocean management, with 27% of its exclusive economic zone protected and sustainable fishery plans currently in progress. However, climate change is impacting fish migration patterns, which poses a threat to the fishing sector.

No African cities were designed for the climate impacts we are now facing. For example, rising tides and rainfall intensity are threatening the capital city of Gabon, Libreville. However, while there are few climate deniers, there is a lack of investment to implement necessary climate actions such as managed retreats and redesigning city infrastructure.



Discussion Highlights: Financing Ocean Finance Solutions

The blue economy is central to Africa's 2063 agenda, as outlined in the [African Blue Economy Strategy](#). But sustainability means different things to different leaders and countries, and there is a need for an honest debate about what is part of a sustainable blue economy and what is not.

There is a need to de-risk ocean finance solutions at the sovereign and regional level. There are big pledges and significant amounts of funding available, but the pockets of innovation are too small for the global capital finance markets to invest in. Conversely, smaller countries often do not have the capacity to leverage investment and struggle to finance pilot solutions to address shared ocean challenges.

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**There is a
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Solutions discussed
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and disaggregating
global financial resources
through regional
institutions.**

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Development Finance Institutions can play a key role in address this missing middle by creating the conditions to de-risk investments. Options discussed included supporting regional institutions to act as intermediaries to ensure that large scale Investments meet the needs of local communities. Donor government agencies, such as the United States Development Finance Corporation can also help to identify and aggregate a pipeline of projects that are guided by social and ecological benefits.

Insurance needs to be integrated to protect investments at the sovereign level. The African Risk Capacity and similar organisations are crucial to this. Along with this, there is a need to educate stakeholders on the importance of insurance for protecting vulnerable communities, since insurance premiums are often the first thing to be cut under budgetary pressures. There's also an opportunity for insurance to not only aid recovery but to catalyse growth and support people to live better lives. However, developing countries typically have very

low insurance penetration. In sub-Saharan Africa the average insurance penetration rate is 2.5% and across the continent, 90% of people do not have any insurance of any kind.

Small-scale fishers are critical to the sustainable management of marine resources. Working with small-scale fishers to provide them with financial identities through savings clubs enables them to access credit and insurance products. Solutions like this improve the economic resilience of fishing communities and the sustainable use of coastal and ocean natural resources.

Innovative financing mechanisms and partnerships with the private sector need to be developed to deliver climate and biodiversity positive outcomes for MPAs. MPAs tend to be primarily funded by the government and are under-resourced. This makes it difficult to build local buy-in, deliver intended benefits, and impedes broader objectives, such as the 30x30 agenda.

Collective and sustained action is needed to align capital to build ocean and coastal resilience that is biodiversity and climate positive. To do this, actions at COP27 should be aligned with biodiversity objectives at the Convention on Biological Diversity (COP15) in Montreal and the implementation of the World Trade Organization Agreement on removing Fisheries Subsidies.

Perception can translate into blockages, and there is a need to clearly articulate the fact that investing in nature-based adaptation solutions can generate financial returns. In these discussions, there needs to be appropriate safeguards and transparency to ensure that investments into natural capital benefit local communities.



Key case studies



FINANCIAL INNOVATION

ORRAA is working with WildTrust, with support from the the Blue Action Fund, in the South African iSimangaliso and the uThukela MPA's to identify and implement innovative financing mechanisms. ORRAA will work with WildTrust to build connections with the private sector and in-country stakeholders to implement solutions that are locally driven and relevant to broader efforts to finance MPAs in Africa.



POLICY & GOVERNANCE

Lagos State in Nigeria undertook a Climate and Adaptation Resilience Plan to establish the cost of inaction and build out and prioritise solutions to address these risks. The total cost of adaptation for Lagos State is \$8 billion, while the cost of inaction is estimated at \$30 billion. To finance adaptation measures, Lagos State is now working to de-risk potential investments, including working with ratings agencies to increase its credit ratings to reduce investor risk.



POLICY & GOVERNANCE

The Great Blue Wall initiative led by African nations in the Western Indian Ocean and in collaboration with the IUCN, is seeking to accelerate ocean finance solutions at scale. Currently, only 4% of the region's marine waters are protected. The Great Blue Wall aims to empower local communities to manage and expand these areas and connect them with public and private finance.



FINANCIAL INNOVATION

The organisation Rare is working with small-scale fishers in Mozambique, the Philippines, and Indonesia to set up micro-enterprises and savings clubs that will help vulnerable communities connect with financial instruments, like insurance, to build resilience. With support from ORRAA and private sector ORRAA members, they are also developing parametric insurance products, which are indexed to unsafe fishing conditions and sustainable fishing outcomes. These projects create an incentive for insurance companies to expand to areas where they previously did not provide cover, while providing benefits to local communities and safeguarding coastal and ocean natural capital.



FINANCIAL INNOVATION

At COP27 the Commonwealth Blue Charter launched a **Project Incubator** to support Commonwealth governments and their partners to develop solutions that address shared ocean issues. The Incubator will focus on development of projects that accelerate the transition to fair, sustainable, and Inclusive marine conservation and maritime development, while mitigating and adapting to climate change.