

# ORRAA at the UN Ocean Conference: Driving Action and Solutions with our Members

Clemens Jezler @clemensjezler & @Unsplash  
Praia da Samarra, Portugal. Aerial view of the rugged coastline along  
the Sintra national park in the greater Lisbon area.

## MEMBER MEETING

ORRAA hosted its inaugural member meeting in the margins of the UN Ocean Conference in Lisbon on 27th 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.

By convening our Alliance, ORRAA showcased the strength of our collective work, building towards ORRAA's mission to drive \$500 million of investment into coastal and ocean nature-based solutions by 2030 to positively impact the resilience of at least 250 million climate vulnerable coastal people.

### MEMBER MEETING IN NUMBERS:

**5**      **Solution Labs**

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**21**     **Speakers**

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**33**     **Projects**

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**40**     **Virtual Attendees**

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**58**     **Member Organisations**

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**89**     **In-Person Attendees**



Image 1 | L-R:  
Chip Cunliffe, ORRAA; Lord Zac Goldsmith, UK; Secretary John Kerry, USA; Karen Sack, ORRAA

## KEY HIGHLIGHTS

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”. Secretary John Kerry, the US Special Presidential Envoy for Climate, and the Rt Hon Lord Zac Goldsmith, the UK’s Minister for Pacific and the Environment at FCDO and 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, also spoke to key priorities as we move 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, 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.

KEY OUTCOMES

As a key announcement of the day, ORRAA and Canada launched a new open [Call for Proposals](#) for the next generation of innovative finance and insurance projects which will build resilience in coastal communities and the ocean. Ultimately, the member meeting was a space for building new connections and partnerships and highlighting ideas and solutions, which ORRAA will work with members to implement and grow beyond the UN Ocean Conference.



Image 2 | L-R:  
Nigel Topping, High Level Climate Action Champion for the UK;  
Ambassador Ilana Seid, Palau; Karen Sack, ORRAA; Rowan Douglas, WTW



Image 3 | L-R:  
Chip Cunliffe, ORRAA; Melissa Walsh, Asian Development Bank;  
Nozi Mbongwa, WILDTRUST



Image 4:  
ORRAA Solution Lab 4 on the Sea Change Impact Financing Facility

# ORRAA AT THE UN OCEAN CONFERENCE



Image 5 | L-R:

Side event co-hosted by Fiji and the UK, supported by ORRAA. Jerry Velasquez, Green Climate Fund; Ambassador Satyendra Prasad, Fiji; Kate Brown, GLISPA; Ambassador Peter Thomson, UN; Jose Soares dos Santos, Oceano Azul Foundation; Karen Sack, ORRAA; Susan Gardner, UNEP; Markus Mueller, Deutsche Bank

The ORRAA team joined partners around the world in Lisbon at the second United Nations Ocean Conference (UNOC) to build momentum for ocean investment and deliver SDG 14: Life Below Water. As a key highlight of the week, ORRAA worked with the UK, Fiji, The Waitt Institute, UNEP, Oceano Azul Foundation, Bloomberg Philanthropies and others to convene ocean leaders to demonstrate progress and ambition towards achieving healthy ocean and blue economies underpinned by good management, quality marine protection and sustainable financing. Fiji's Permanent Representative to the UN, Ambassador Satyendra Prasad, noted that just 0.01% of Overseas Development Assistance went to the ocean and called on the global community to 'move the decimal point' and drive USD\$30 billion into the sustainable blue economy and ocean protection by 2030.

On behalf of the Alliance, Karen Sack, ORRAA's Executive Director highlighted ORRAA and the importance of driving finance into nature-based solutions for SIDS and LDCs [during the Interactive Dialogue on the Blue Economy, Small Islands and Least Developed States](#).



Image 6:

Karen Sack, ORRAA speaking at the Interactive Dialogue on the Blue Economy, Small Islands and Least Developed States

## ORRAA AT THE UN OCEAN CONFERENCE

ORRAA also highlighted the growing momentum behind the Sea Change Impact Financing Facility (SCIFF). 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. At UNOC, ORRAA 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.

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 5 days of the Conference, ORRAA co-hosted 3 side events and participated and spoke at over 30 roundtables, side events, and receptions. 🌊



Image 7:  
High Quality Blue Carbon Market Principles Workshop.  
Co-hosted by Salesforce, ORRAA, WEF, Conservation International,  
The Nature Conservancy, and Meridian Institute



Image 8:  
Side event co-hosted by Fiji and the UK, supported by ORRAA

An aerial photograph of a tropical coastline. In the top left, there are lush green mangrove trees on a sandy shore. The water is clear and blue, with many small rocks visible on the seabed. A traditional blue and white outrigger boat is in the water in the bottom right. The text is overlaid on the left side of the image.

# Solution Lab: Expanding Parametric Insurance for Nature-Based Solutions and Micro-Insurance for Climate Vulnerable Small-Scale Fishers

**ORRAA Member Meeting**  
Monday 27 June 2022

Jules Bss @julesbss | @Unsplash

**SOLUTION LAB: EXPANDING PARAMETRIC INSURANCE FOR NATURE-BASED SOLUTIONS AND MICRO-INSURANCE FOR CLIMATE VULNERABLE SMALL-SCALE FISHERS**

**LAB CO-HOSTS**



**OVERVIEW**

Insurance offers numerous solutions to restore natural capital and protect climate-vulnerable coastal communities. Through payments triggered when an event reaches a certain threshold, parametric insurance offers an efficient method for supporting ecosystem restoration efforts, which can boost resilience to climate-related impacts and deliver biodiversity co-benefits. Parametric insurance can also address climate risks for individuals, communities and/or regional / national governments. Traditional insurance products such as life, health, and property coverages can also provide a crucial safety net to protect small-scale fishers against financial shocks and increasingly frequent storms.

ORRAA members are piloting innovative solutions in both areas. The MAR Fund and WTW, in collaboration with the InsuResilience Solutions Fund, have developed a parametric insurance product to protect and restore coral reefs along the Mesoamerican Reef (MAR) region. Similarly, Rare, WWF, and WTW are developing and implementing projects to support financial inclusion in the small-scale fisheries sector in the Philippines, Indonesia, and Pacific region. Building on, replicating, and scaling these approaches in new geographies and ecosystems is critical to enhance the resilience of coastal communities. This Solutions Lab connected partners to discuss best practices, lessons learned, and develop partnerships to scale parametric and micro- insurance products.





## SOLUTION LAB: EXPANDING PARAMETRIC INSURANCE FOR NATURE-BASED SOLUTIONS AND MICRO-INSURANCE FOR CLIMATE VULNERABLE SMALL-SCALE FISHERS

### KEY DISCUSSION HIGHLIGHTS

- Insurance products play a critical role in restoring natural capital and protecting climate-vulnerable communities.
  - The MAR Fund and WTW presented the MAR Insurance Programme which insures the response costs for reef brigades to carry out reef recovery efforts following hurricane damage to reef sites along the MAR region.
    - To date, the initial project investment has been leveraged into an insurance product worth US\$2.5 million in 2021/22, with multi-year premium finance provided by the InsuResilience Solutions Fund.
  - Rare and WTW then presented on a [weather index-based parametric insurance product](#) for small-scale fisheries.
    - Currently under development in the Philippines, Rare and WTW are exploring the feasibility to create an insurance product that is indexed to combinations of wind speed, sea state, and rain conditions which together prevent safe fishing. As envisioned, the coverage will be an affordable, scalable product that, when triggered, provides payments to fishers and prevents them from overfishing or experiencing personal or asset damage by fishing during inclement weather.
  - Finally, Rare presented on providing insurance products to small-scale fisheries [micro-insurance products to small scale fisheries](#) in the Philippines.
    - After assessing the insurance needs of fishing dependent households in the Philippines, Rare partnered with local providers to offer two insurance policies providing life, accident property damage, and healthcare cover. The first phase of the pilot in the Philippines enrolled over 4,000 members in basic livelihood insurance. The project is expanding training and product offerings in the Philippines and replicating the approach in Indonesia.
- After presentations, discussions focused on the following topics.**
- Parametric insurance can be deployed to build resilience to climate and ocean risks, including for ecosystems (e.g., reefs) and the livelihoods that depend on these ecosystems (e.g., small scale fishers).
    - Natural assets have previously been considered uninsurable. Parametric insurance offers a tool for managing risk in the sector which potentially can unlock financing.
    - The Rare/WTW presentation shows how parametric insurance products can be adapted beyond traditional use cases and across different geographies to insure against chronic weather events.
    - Parametric products support broader efforts for insurance markets to de-risk financing of ecosystem health. Tools and techniques developed by the re/insurance industry for risk financing and broader risk management of conventional asset types can provide insights to understanding and managing risks to ecosystems. This understanding can also introduce risk financing from reinsurance markets and unlock investment financing from capital markets and other finance arenas.
    - Natural capital and associated ecosystems deliver numerous risk reduction and livelihood benefits that contribute towards the resilience of communities and assets in the face of future climate change. As the impacts of climate change worsen, the value of these ecosystems and the associated benefits will continue to grow, including to insurers who, through underwriting climate risks, have a vested interest in the continued presence and health of these ecosystems. This represents a clear case for insurers having an appetite to develop and support a market for nature-positive insurance.
  - The success of expanding micro-insurance products to small-scale fishers as part of an overall financial inclusion strategy shows that scaling up traditional products to new users and geographies can effectively enhance resilience.
    - Deploying tested solutions in new environments can be effective. Not every innovation needs to be brand new.
  - Governments increasingly want to quantify and capture the risk reduction benefits that natural capital can deliver but lack clear guidance or capacity on the enabling environment that can support such efforts.

## **SOLUTION LAB: EXPANDING PARAMETRIC INSURANCE FOR NATURE-BASED SOLUTIONS AND MICRO-INSURANCE FOR CLIMATE VULNERABLE SMALL-SCALE FISHERS**

- There is a clear need for the insurance sector to increase engagement with governments to demonstrate ways to quantify, protect and enhance the risk reduction benefits of their natural capital.
- High-quality data on the spatial distribution and characteristics of critical marine and ocean ecosystems is key for designing these products. Such information can also inform Marine Spatial Planning efforts.
- It is important to bring together all stakeholders at the beginning of the program design process to ensure the end-product is tailored to the needs of the beneficiaries.
- There is a growing and urgent need to deliver the benefits of insurance to communities that fall in the protection gap (where losses occur that are uninsured). Understanding and adhering to local and national institutional environments is a prerequisite to the successful extension of insurance to these communities.
  - When an insurance product is not developed fit-for-purpose, it can erode the value of insurance as a solution. For example, after Typhoon Rai in the Philippines (2021), indemnity insurance pay-outs to beneficiaries for loss of property were long and cumbersome due to a complex institutional environment and ineffective planning.
  - Experience from Typhoon Rai re-emphasizes the importance of insurance products that meet engagement and sometimes sensitization, awareness-raising or training among these stakeholders.
  - Selection of the most-appropriate risk financing approach should be a multi-stakeholder process which facilitates discussion of the relative advantages and disadvantages of different approaches. For example, parametric insurance is capable of providing faster payouts (compared to indemnity insurance), owing to objective and transparent post-event loss calculation based on data produced in real time, which also come with lower frictional costs. One drawback of parametric insurance (compared to indemnity insurance) is the potential for higher basis risk (where the pay-out from the parametric product does not correspond to the on-the-ground impacts).

### **NEXT STEPS**

- Continue efforts to educate key stakeholders such as the private sector (for example the hotel sector) and governments on the benefits of nature-based solutions and their role in protecting coastlines as well as incentivizing downstream investment and freeing up public fiscal budgets.
- Work with key stakeholders to insure additional coastal and marine ecosystems where appropriate and invest in value-added activities such as marine spatial planning underpinned by robust science and data.
- Continue to place a significant emphasis on stakeholder engagement and partnering with appropriate local actors when seeking to replicate successful insurance products in new locations and geographies.
- Apply lessons from the deployment of coral reef parametric products to the development of insurance products for other ecosystems, such as mangroves or seagrass, as well as for other purposes, such as protecting the livelihoods of fisherfolk or those working in tourism and recreation.
- Explore approaches to build a sustainable premium financing mechanism for parametric insurance products. Potential options include philanthropic commitments, international climate finance, and governments over an extended time period or securitization of assets through financial instruments such as blue bonds or debt-for-nature swaps.



# Solution Lab: Investment Opportunities to Implement and Scale Blue Carbon/Resilience Credits

**ORRAA Member Meeting**  
Monday 27 June 2022

Fernando Jorge @fx24 & @Unsplash  
Great Harbour Cay, Bahamas.

**SOLUTION LAB: INVESTMENT OPPORTUNITIES TO IMPLEMENT AND SCALE BLUE CARBON/RESILIENCE CREDITS**

**LAB CO-HOSTS**

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**OVERVIEW**

Blue Carbon/Resilience credits are an emerging financial mechanism designed to capture the sequestration and resilience benefits of coastal wetlands, such as mangroves, sea grasses, and salt marshes. The coming years could be a breakout moment for blue carbon.

However, learnings from the forest sector indicate that care needs to be taken to prevent the development of a 'wild west' marketplace where there are few guardrails in place for buyers or sellers, and a lack of mechanisms to measure positive impacts for communities on the frontlines.

This Solutions Lab aims to connect partners to update one another on the state of play in the field, discuss best practices, lessons learned, and focus on the need to scale investment into the development of high-quality, verifiable blue carbon/resilience credit products.



## KEY DISCUSSION HIGHLIGHTS

The Lab started with a presentation from the co-hosts focused on:

- Introducing the blue carbon science and existing standards and methods.
- Connecting blue carbon to carbon markets.
- The High Quality Blue Carbon Market Principles Initiative.

After the presentations, discussions focused on the following topics:

- There is a disconnect between the increasing number of investors interested in the blue carbon space and project developers, that they perceive don't have access to such capital.
- The main obstacle is transparency: 1) for investors, because they don't fully understand the projects that are being developed, and 2) for communities on the ground that need to understand realistic market rates and investors' expectations.
- A first step in developing transparency and connecting supply and demand for blue carbon credits is developing standards.
  - In April 2022, ORRAA joined forces with Salesforce, World Economic Forum's Friends of Ocean Action, Conservation International, The Nature Conservancy, along with the Meridian Institute to launch a global collaborative effort to drive consistent standards around high quality blue carbon projects and credits.
  - The first High Quality Blue Carbon Principles and Guidelines workshop took place in Lisbon, at UNOC, on 1 July 2022. [The draft guidance](#) is available for consultation through 31 August 2022.
  - Earlier this year, at the One Ocean Summit in Brest, France, ORRAA announced it was joining the Global Blue Carbon Coalition as a crucial step to help properly shape this market.

## NEXT STEPS

- Pricing is another key aspect. At the moment blue carbon credits are significantly cheaper than credits sold on the regulated markets. For example: a blue carbon project in Colombia is achieving \$20/ton, which is great price for carbon on the VCM, but it's nothing compared to compliance markets (\$90/ton in Europe). Being able to support these projects, graduating them from the voluntary to regulated markets is key, and standards can contribute to that.
- Blue carbon demonstrated its feasibility, but now it is time to evolve and scale. This is the next challenge.



# Solution Lab: Sea Change Impact Finance Facility (SCIFF)

ORRAA Member Meeting  
Monday 27 June 2022

@USGS & @Unsplash  
Mackenzie River, Northwest Territories, Canada.

LAB CO-HOSTS



Limketkai  
Impact Finance



OVERVIEW

Securing the resilience and adaptive capacity of existing coastal and marine ecosystems is essential if other investments into a sustainable blue economy are to be effective and impactful. Without resilient ecosystems, impact investments into fisheries or aquaculture could be lost, communities displaced, and food security threatened. It is, therefore, critical that any blue finance innovations break down the barriers to investment and create long term value that also protects the Ocean and builds the resilience of the coastal communities which depend on it.

ORRAA's Sea Change Impact Finance Facility (SCIFF) is a collaborative effort to develop an open ocean finance architecture that will increase the flow of finance into nature-positive and net-zero coastal resilience, by strengthening the pathways between project and community needs and the significant financial resources of the private sector. This Solutions Lab aims to update partner stakeholders, including impact funds, NGOs, corporates and MDBs, on the development of the SCIFF and potential tangible opportunities to engage across the SCIFF's three components: a platform for Blue Resilience projects, a risk reduction mechanism, and a targeted fund to support existing efforts to finance coastal resilience. It then focused on a deeper dive into the Blue Resilience Clearing House/Hub.



### KEY DISCUSSION HIGHLIGHTS

- ORRAA and Limketkai Impact Finance presented the architecture of SCIFF, including its three components of a blue resilience clearing house (or hub), a finance umbrella for commercial investments, and a risk transfer platform.
    - Key sectoral challenges that contributed to the development of SCIFF and blue resilience hub were shared with participants. These included asset ownership and fragmentation, stage of financing (lack of early stage capital), complexity of standards and methodologies, blue carbon focus and limitations, and the high cost and availability of data.
    - The team outlined the design principle which ties together the architecture of SCIFF i.e.: a platform and package approach to services, where the strengths of existing partners in the blue resilience ecosystem are brought together under one umbrella to maximize the impact of their activities and investments, and where organizations can access a suite of services to scale blue resilience work. This includes, but is not limited to technical assistance, blended finance, and insurance products.
  - The presentation focused on the design vision for the Blue Resilience Hub and its operating mechanism, before opening the floor for inputs and feedback.
    - The Hub would work closely with ORRAA and other project originators to identify promising blue resilience organizations and companies, understand their needs, facilitate access to a project preparation toolkit that includes project pre-financing, technical assistance, data and intelligence, and connect them to platform partners that operate investment marketplaces.
    - The first set of partners were also introduced and participated in the discussions that followed: Blue Finance, Mari Oceans/Sea Green, and Investable Oceans.
- After presentations, discussions focused on the following topics.**
- Participants emphasized the need for greater communication and the development of a shared language as we blend the worlds of nature and ecology, and financial markets.
  - How do we get there: with a solutions mindset rather than a products mindset. Participants noted that SCIFF should avoid creating new “products” that are exclusive, and rather source solutions from what exists and work on proliferating and scaling them with a network of people. Solutions require cooperation and proliferation. SCIFF should seek to incorporate this thinking.
  - At its core, participants shared their vision for the Blue Resilience Hub to be an efficient mechanism to transfer knowledge between actors, geographies, and areas of expertise in a space where knowledge tends to get siloed.
  - To do that we need to surface excellence and connect leadership, extract learnings from successes and failures, and disseminate widely.
  - Participants volunteered learnings from their own portfolio of projects. This included the creation of new marine protected areas (MPAs) with sustainable finance mechanisms; expansion of a seaweed platform in new geographies to scale up nature base solutions; while others who are working on setting up another blue investment platform agreed to coalesce efforts so as to grow the pie of money collectively and not just to split it.
  - There was widespread agreement to not let perfection be the enemy of good. To start creating good practices building resilience for coastal communities, and coastal and ocean natural capital, before these are solidified into best practices. To pilot, prototype, and test innovations on the ground, rather than seeking to launch programs, products or services at scale.
  - Participants noted that current standards and methodologies in the blue conservation/restoration space are a significant barrier to growth. The current cost of licensing methods to measure the impact of their work limited community participation. SCIFF was asked to support in this mission to lower the cost of methods through new development work, financing, and convening better thought leadership on the subject (technical assistance).



**NEXT STEPS**

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- Blue carbon demonstrated its feasibility, but now it is time to evolve and scale. This is the next challenge.



# Solution Lab: Building from the Ground Up - Incubating Investment Ready Community Led Projects

ORRAA Member Meeting  
Monday 27 June 2022

@Mike | @Adobe Stock  
Aerial of Ubay Island in Tubigon, Boho (Philippines)  
A fishing village and mangrove area.

**LAB CO-HOSTS**

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**OVERVIEW**

Despite the urgent need to drive investment into climate vulnerable coastal communities to build resilience, most community-led initiatives and enterprises are viewed as too small, too risky, and as offering financial returns that are too low for the finance sector. To develop a pipeline of investment-ready community-led projects from the ground up, ORRAA and WWF are leading incubators to deliver genuine impact in local communities while having the potential to mitigate ocean and climate risk more broadly.

Developing multisectoral approaches is critical for growing, developing, and empowering community-led projects that are financially sustainable. This Solutions Lab connected partners to update the state of play in the field, discuss emerging best practices, opportunities, and challenges, and develop partnerships to expand incubators that can effectively identify and scale community-led enterprises to financial sustainability.



**KEY DISCUSSION HIGHLIGHTS**

- The number of ocean - blue economy - resilience incubators is growing.
  - ORRAA presented on the Ocean Resilience Innovation Challenge (ORIC). ORIC aims to surface, grow, and scale promising solutions, and acts as a catalyst to accelerate both locally led innovation and investment to protect the Ocean and the communities whose lives and livelihoods depend on it.
- WWF provided an overview of the South West Indian Ocean (SWIO) incubator. This programme supports SWIO coastal communities and seeks to drive the transition to a sustainable blue economy across the region.
- Other examples discussed include TECA (Triggering Exponential Climate Action), launched by BFA Global which intends to launch 100 fintech ventures by 2026 to build the climate resilience of vulnerable communities.

**Both presentations and subsequent discussion emphasised the following points.**

- Interest in nature-based solutions and blue economy investment opportunities has increased rapidly in the last two years.
- Coastal communities, however, face an uncertain future.
- The concept of the Blue Economy is recognized as central for sustainable development but the definition of what is sustainable and equitable needs to be made clear.
- Many coastal areas and island states are under the stewardship of communities that are struggling with food security, viable livelihoods, health, education, and safety.
- Moreover, many ocean-dependent and climate vulnerable communities are excluded in the interest of short-term economic gains. As a result, traditional livelihoods and small-scale local operations are frequently outcompeted by international corporations and government initiatives, with little regard for social inclusion and environmental sustainability.

- Expecting these same communities to deliver conservation without development assistance and the necessary investment is unjust. Taking an equity and human rights approach is fundamental if we are to achieve inclusive and resilient economic development.
- We are at a tipping point, the blue acceleration will either be just or unjust, depending on the extent to which communities are placed at the centre of it.
- There is a significant disconnect between the inspiring financial commitments made in Lisbon and the realities of channeling finance to the people and places that need it the most. Problems identified include:
  - High start-up costs for community-led enterprises.
  - Lack of mentorship to entrepreneurs to understand the marketplace and access appropriate finance.
  - Getting regulatory buy-in from governments is often uncertain and requires significant time.
  - Lack of community level governance structures to allow for deal flow and equitable benefit sharing arrangements.



## **NEXT STEPS**

- Without attention to addressing these barriers we will only affect incremental change at best. Approaches to solve this include:
  - Need to invest in entrepreneurs, provide an ecosystem of learning, and connect projects with appropriate finance depending on a project's development stage.
  - Aggregate projects across similar themes and geographies to increase the ticket size of community led enterprises. This can help to encourage private sector investment, who often view these projects are too small to invest in.
  - Set high standards for private sector investor engagement with community led enterprises to ensure investment and scaling do not lead to a loss of community ownership and/or environmental gains.
  - Establish environmental and social safeguards.
- Incubators like the SWIO incubator and ORIC provide a mechanism to channel finance to communities and entrepreneurs, while building their capacity to be effective stewards of the ecosystems they depend on. However, additional investment is needed to grow and expand these successful approaches.
- More broadly, lab participants also identified a need to connect across different incubators to encourage learning and develop a global ecosystem of practice.



# Solution Lab: Blue Bonds and Debt for Nature Swaps – Financing 30 x 30 and Sustainable Ocean Plans

**ORRAA Member Meeting**  
Monday 27 June 2022

César Couto @xcrap & @Unsplash  
Azores, Portugal

LAB CO-HOSTS

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OVERVIEW

Over 90 countries are supporting the global goal of protecting at least 30 percent of the ocean by 2030. Current funding for marine protected areas is largely from philanthropy or the public sector but is unlikely to be sufficient to support achieving the 30x30 goal – or to ensure that those activities taking place outside of protected areas are sustainable.

Blue bonds, debt-for nature swaps, and other innovative financial solutions have the potential to unlock significant investment into the marine space, target the development and deployment of sustainable ocean plans which incorporate the 30x30 goal, and close the ocean conservation financing gap. But beyond a handful of headline stories, scale has been hard to reach.

Multiple ORRAA members are now looking at investing into debt swaps and blue bonds at scale, and how to expand their application to new geographies. This Solutions Lab connected partners to discuss best practices, lessons learned, and develop partnerships to scale these innovative solutions.



### **KEY DISCUSSION HIGHLIGHTS**

The Lab started with presentations from the three co-hosts:

- The Asian Development Bank introduced their Action Plan for Healthy Oceans and Sustainable Blue Economies that will expand financing and technical assistance for ocean health and marine economy projects to \$5 billion from 2019 to 2024. They then discussed their first blue bond for ocean-related projects in Asia and the Pacific issued in September 2021, and the Blue Bond Incubator launched in April 2022 to boost ocean investment.
- Deutsche Bank provided comprehensive background to understand blue bonds in the global bond market context. They highlighted the benefits and the challenges that blue bonds are facing, as well as opportunities to expand this market.
- The Nature Conservancy presented their experience in transforming public debt into conservation action, in the Seychelles and Belize. They showed a global assessment of countries where blue bond debt strategies could work and the significant leverage that philanthropic capital can have in unlocking investment in ocean conservation.

After the presentations, discussion focused on the following topics:

- There is growing recognition of blue bonds, with some headline transactions. But they are still a small part of sustainability bonds, less than 1% is invested in blue bonds.
- Most transactions come from multilateral development banks that have AAA credit ratings. It's easier for them to issue these products.
- Barriers for blue bonds:
  - There is still a general lack of awareness and confusion about blue bonds: people use blue bonds and debt for nature swaps interchangeably, government officials don't really understand them (what's included, what projects are funded), definitions are imperfect.
  - It's difficult to translate the economic value of coastal ecosystems and the Ocean into real revenues. Projects that include blue carbon are easier to justify and attract investors.





### **NEXT STEPS**

- There are solutions to scale blue bonds, especially in the private sector:
  - We need clear and measurable key performance indicators (KPIs) to increase the confidence of investors and unlock more investment. There are very few KPIs for blue projects. There is a need to deploy KPIs even if they are imperfect to ensure market expansion takes place with appropriate standards and safeguards.
  - A good example of this was the sustainability linked bond, that drove the market growth that then led to green bonds.
  - During UNOC, the IFC, ICMA, UNGC, UNEP-FI, and ADB launched [a commitment](#) to develop a global practitioner's guide for bonds to finance the sustainable blue economy, which will include KPIs. They are seeking input from various sectors with a goal of producing a final edition in late 2022.
- There are not enough credit enhancement instruments to de-risk blue bonds. Guarantees played a big role 10-15 years ago to de-risk renewable energy projects globally, now they can revitalize blue bonds markets.
  - The design of future blue bonds needs to incorporate all the stakeholders affected, including local communities.
- Finally, policy advancements can also contribute to the expansion of blue bonds (example of the France's Article 29, that require investors to disclose their alignment to biodiversity goals). However, this needs to be accompanied by frameworks to ensure effective implementation.

