



Workshop Report
May 2023

Sustainably Financing Marine Protected Areas (MPAs) in South Africa: Delivering on the 30x30 Ocean Agenda



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Executive Summary



In December 2022, the United Nations Convention on Biological Diversity's agreed the Kunming-Montreal Global Biodiversity Framework to protect at least 30 percent of the planet (land and sea) by 2030 (30x30). The government of South Africa has signalled clear commitment to this global target and has embarked on a process to develop an 30x30 Implementation Plan, that identifies actions to be initiated immediately and with increased ambition and expedited pace. As part of this process the government is collaborating strongly with a collective of NGOs through a series of workshops to design the Implementation Plan, leverage funding for expansion, as well as to partner on the ground to improve and ensure effectiveness of Protected Areas.

Marine Protected Areas (MPAs) are critical management tools for safeguarding coastal and ocean natural capital, supporting biodiversity, and protecting the ecosystems which many communities rely on for food security and livelihoods. There is a total of 41 MPAs in South Africa's mainland ocean space making up 5.4% of its coastal ocean footprint. Two of these 41 MPAs are uThukela and iSimangaliso, located on the east coast of South Africa. WILDTRUST* is currently leading a consortium of partners to support the government agencies responsible for managing these two MPAs to strengthen protection and restoration of ecosystems and to improve livelihoods and food security of vulnerable communities living adjacent to these MPAs. This work is largely funded by the Blue Action Fund, and related projects funded by Oceans 5, Shark Conservation Fund, and the Rainforest Trust, and aims to develop internationally relevant models for socio-ecological resilience in and around financially sustainable effectively managed MPAs.

As part of this body of work, in May 2023 over 70 delegates from various sectors, including private finance and insurance, government, community leaders, multilateral organisations, MPA managers, and civil society gathered in Cape Town for a two day workshop supported by the Blue Action Fund, to unpack Sustainably Financing MPAs in South Africa and Delivering on the 30x30 Ocean Agenda. The workshop was hosted by the WILDTRUST and the Ocean Risk and Resilience Action Alliance (ORRAA)** who are working together in a multi-year effort to implement sustainable MPA financing mechanisms in a South African context.

Through four panels, numerous keynote speakers, plenary discussions, and ten breakout discussion groups, workshop delegates kick-started a dialogue to identify innovative financing mechanisms and the measures needed to secure sustainable long-term MPA financing in South Africa.

Throughout the workshop, delegates emphasised the need to develop a common language and to identify mediators to drive collaboration. This should be accompanied by comprehensive finance gap analyses to drive the development of financial mechanisms which incorporates environmental and social impact, as well as a financial return on investment. To do this, policy certainty, scientific knowledge, and trusted on the ground partners are key to building market confidence and to reduce transaction costs.

¹ To encourage discussion and problem solving the workshop was conducted under Chatham House Rule: "When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed."

The workshop focused on identifying sustainable finance solutions for uThukela MPA and iSimangaliso MPAs, within the context of financing the 30x30 in South Africa's waters.

- Proclaimed in 2019, the **uThukela MPA** management plan is still under development. Delegates highlighted the importance of integrating sustainable finance planning and development at the start of the management process. This process is already underway, to assess current management effectiveness and undertake a finance gap analysis, as well as supporting efforts to close data gaps. This information should be analysed in relation to the potential sustainable finance mechanisms identified during the workshop, to develop a shortlist of financial solutions and implementation roadmap.
- Building on the finance gap analysis undertaken with **iSimangaliso MPA** authorities, workshop delegates noted that such rigorous financial analysis is essential for engaging private sector investors, as well as developing sustainable finance mechanisms. Further work will now be undertaken to incubate and implement a select number of finance mechanisms within iSimangaliso MPA.
- Finally, discussions focused on balancing effective finance and management of South Africa's MPA network, while at the same time planning for expansion towards the 30x30 target. Conservation trust funds, debt for nature swaps, and blue bonds were all highlighted as potential financing mechanisms to drive investment into MPA management and conservation activities. Delegates also discussed how to finance **South Africa's MPA network** using fees, incentives, and taxes from other Ocean users/sectors, as part of a holistic marine spatial planning process. Key next steps identified include conducting a comprehensive finance needs assessment of South Africa's MPA network, which can then inform the development of national/sovereign finance mechanisms.

Over the next three years, the workshop will be followed by virtual sessions and a second in-person workshop to develop practical steps to implement the most promising solutions. This work will focus on outreach to key additional stakeholders identified during the workshop, further developing finance gap and costing analyses, and incubating the most promising sustainable financial mechanisms which match the MPA investment needs and timescales.

Overall, discussions across the three workstreams emphasised the importance of cross sector collaboration and the need to develop sustainable financing mechanisms at multiple levels. Implementing solutions in specific MPAs like uThukela and iSimangaliso is essential to test mechanisms and develop best practice in a South African context. At the same time, to reduce transaction costs and scale investment, it is vital to develop solutions that can deliver finance to multiple MPAs through national and regional mechanisms.



The biggest challenge now is effective MPA management. Expansion is important but this needs to be effective and ensure sustainability... We need to change the way we do business to a way which is sustainable and inclusive... A conversation needs to be held about what does a return on investment mean for MPAs. It is going to require united action and partnerships.

CHAIRPERSON PAM YAKO, SOUTH AFRICAN NATIONAL PARKS





The Context: MPA Expansion and Financing in South Africa



The workshop began with delegates sharing key context on the state of South Africa's MPA network and how to drive financial ambition. It also showcased uThukela and iSimangaliso MPAs, as well as highlighted regional perspectives on the 30x30 Ocean finance agenda.

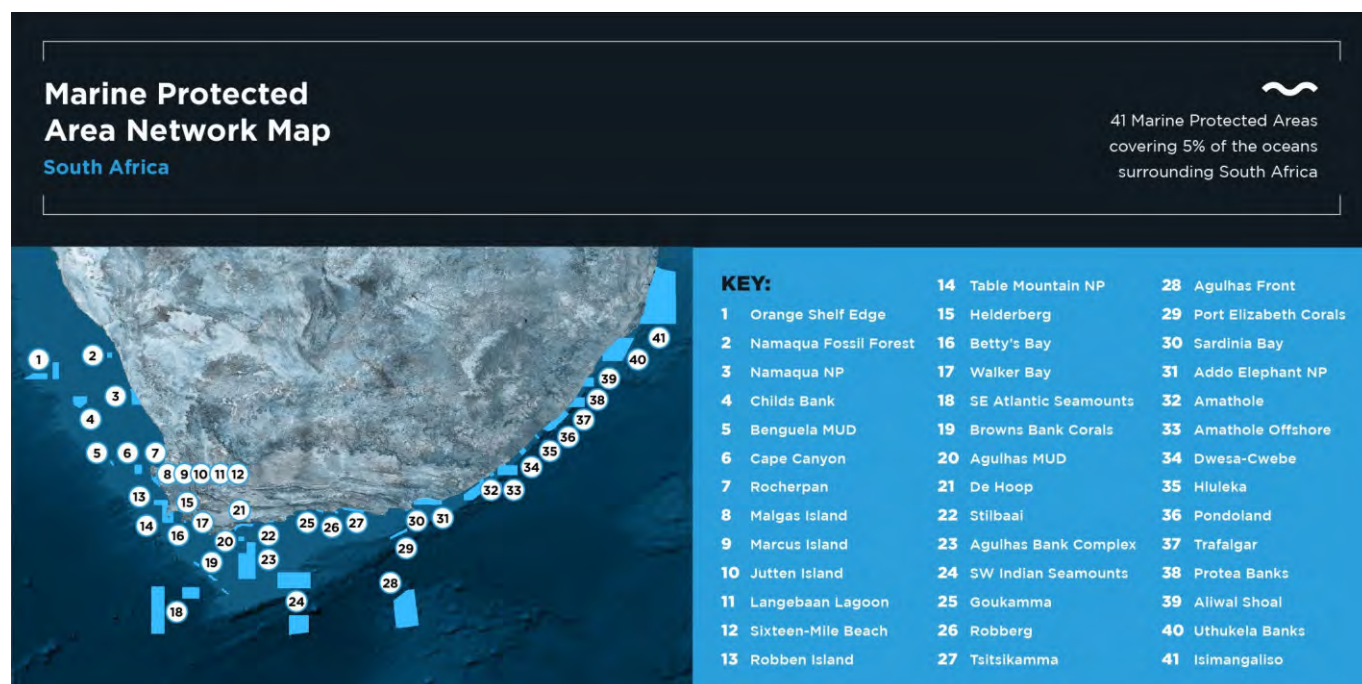
Since 2014, South Africa has made significant progress in expanding its MPA network. Operation Phakisa (which was led by the President's office) was critical in unlocking the economic potential of the Ocean and establishing the beginnings of an effective and ecologically representative MPA network. This multi-sectoral process culminated in 20 new MPAs being proclaimed in 2018, increasing ocean protection from 0.4 to 5.4 percent in South Africa's coastal Exclusive Economic Zone (EEZ).

High-level delegates from the Government of South Africa began by providing an update on actions that have been taken to maintain and expand the national MPA network and what is needed to secure long term financing for MPAs. The expansion of the MPA estate remains a priority for the Department of Forestry, Fisheries, and the Environment (DFFE) as outlined in the [National Protected Areas Expansion Strategy](#).

South Africa has committed to the Convention on Biological Diversity's Global Biodiversity Framework and the 30x30 target, and has expressed the need to increase the speed of actions to address the urgency of the matter, as well as acknowledged the ambition of the target. Current efforts include through the MARISMA Project to refine the extents and locations of existing Ecologically or Biologically Significant Areas, identifying relevant new ones, and incorporating these into a marine spatial plan to achieve sustainable use of the ocean. Furthermore, a 2.5-day 30x30 Implementation Workshop is due to take place in June 2023, led by DFFE, attended by government conservation entities and traditional leadership organisations, and supported by a collective of environmental NGOs.

However, challenges remain including ensuring that local stakeholders are meaningfully involved, demonstrating the benefits of MPAs to communities, and supporting the development of a sustainable blue economy. These challenges are intertwined as coastal livelihoods and a sustainable blue economy are underpinned by the protection of coastal and marine ecosystems. In this puzzle, MPAs play a key role in delivering resilience, protecting biodiversity, mitigating climate change, protecting critical habitats, and contributing to the economic and food security of climate-vulnerable coastal communities.





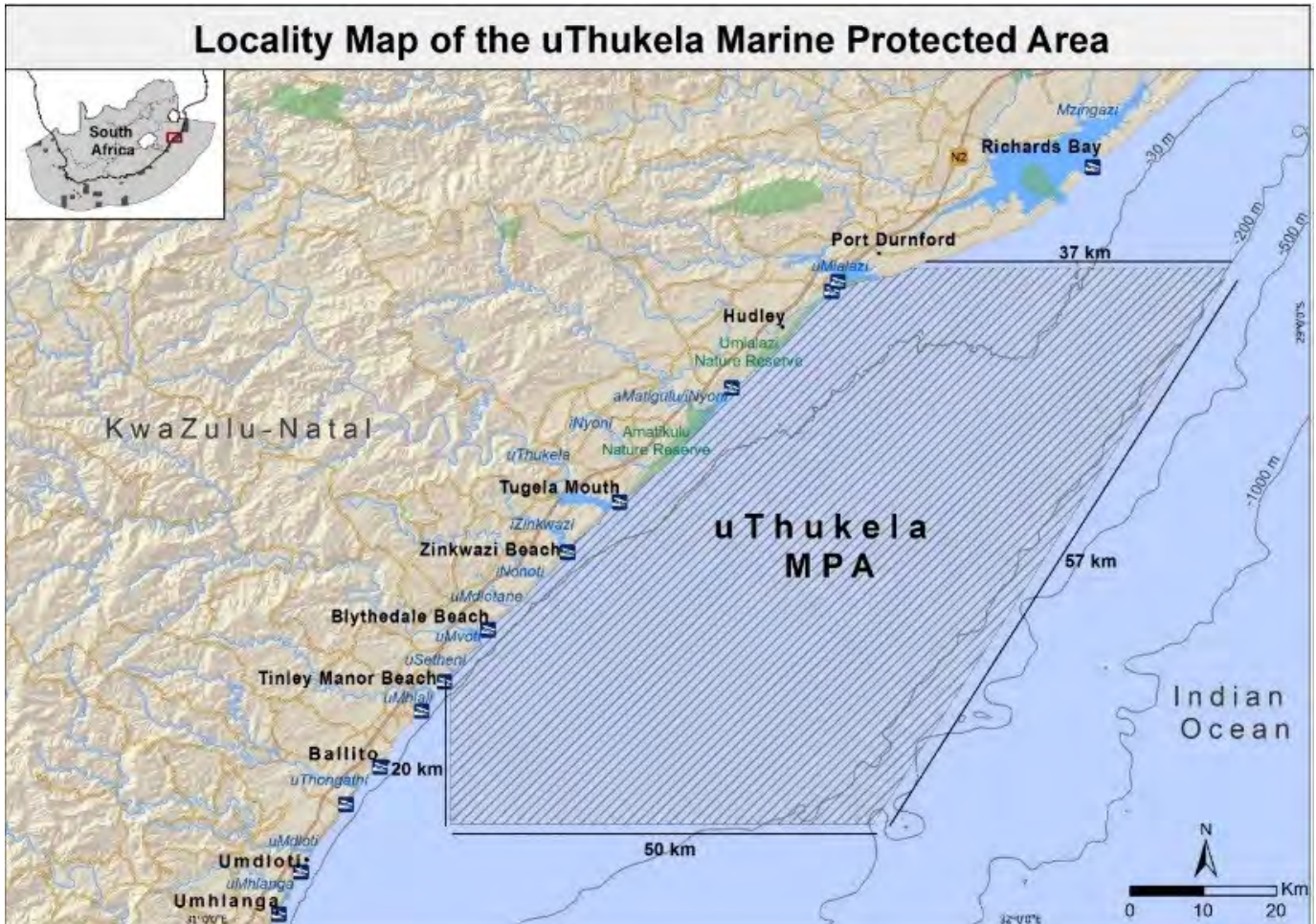
MPA SPOTLIGHT

WILDTRUST is currently leading a consortium of partners to support the government agencies responsible for managing uThukela and iSimangaliso MPAs to strengthen protection and restoration of ecosystems and to improve livelihoods and food security of vulnerable communities living adjacent to these MPAs. The projects aim to utilise nature-based solutions to improve the livelihoods and food security of vulnerable communities, while providing internationally relevant models for socio-ecological resilience in and around financially sustainable MPAs. These two MPAs formed the basis of the workshop deliberations to ensure that subsequent discussions of suitable sustainable finance mechanisms were grounded in the realities of these locations, while also being relevant to the national 30x30 financing agenda.

uThukela MPA

Proclaimed in 2019, the uThukela MPA is situated off the coast, in the province of KwaZulu-Natal (KZN) between Durban and Richards Bay. Covering 80 km of coastline and extending up to 50 km offshore, the total size of the uThukela MPA is approximately 4,094 km². The MPA includes six estuaries (uThukela, iZinkwazi, uMdlotane, iNonoti, uMvoti and iSeteni) and protects a mosaic of habitats, coral reefs, unusual gravel fields, rich muddy seafloors, mangroves, reed marshes, seagrass meadows, and coastal dunes.

Management and governance of the MPA and adjacent areas of the MPA is shared by multiple authorities. The KZN provincial conservation agency, Ezemvelo KZN Wildlife, is the appointed management authority of the uThukela MPA (appointed by DFFE). The six estuaries are managed by the provincial Department of Economic Development, Tourism and Environmental Affairs (EDTEA). As the mandated co-operative authorities for these areas, both are subject to the Integrated Coastal Zone Management Act (ICZMA) and the Marine Living Resources Act (MLRA). The rest of the coastal zone alongside the uThukela MPA including coastal towns, private land, traditional authority areas serviced by two district municipalities: Ilembe District Municipality and King Cetshwayo District Municipality, and four local municipalities: uMhlathuze, Umlalazi, Mandeni and KwaDukuza.



UThukela MPA Ecosystem-based Adaptation Project

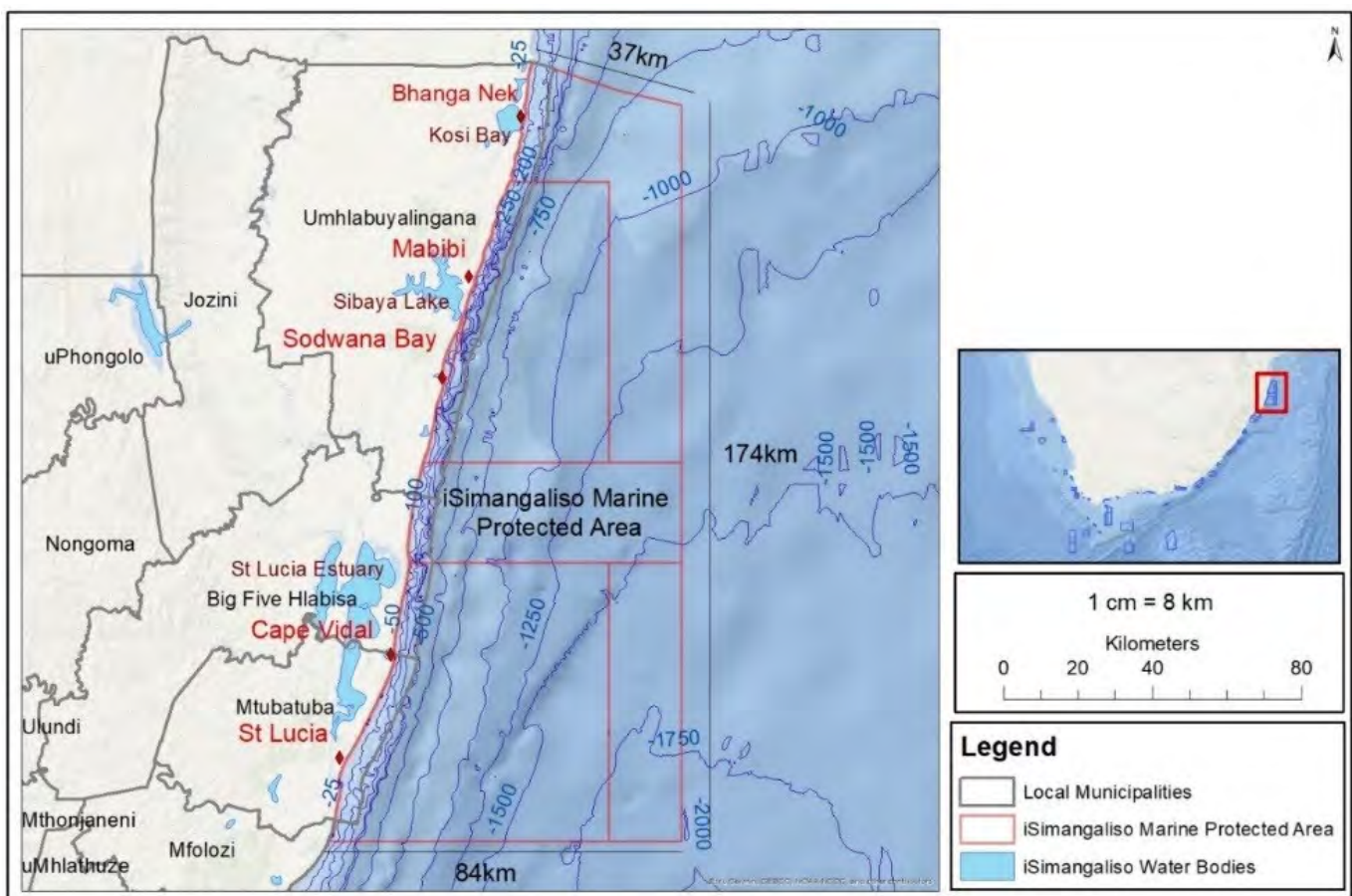
WILDTRUST is working to build socio-ecological resilience to climate change for people and biodiversity of the uThukela MPA. The project aims to do this by ensuring effective management of uThukela MPA, restoration of ecosystems, and improving livelihoods and food security for climate-vulnerable communities living in and around the MPA.

The project is funded by the Blue Action Fund in association with the DFFE, Ezemvelo KZN Wildlife, and other partner organisations such as Nedbank through the Youth Employment Services. The sustainable finance workshop was supported by this project with the aim to identify and pilot sustainable finance mechanisms to help sustain long-term financial future of the MPA.

iSimangaliso MPA

A world heritage site, the iSimangaliso MPA is situated off the northern coast of KZN extending from the South African – Mozambique border to 750m south of the Cape St Lucia lighthouse. Covering 196 km of coastline, the MPA extends from the high-water mark to 84 km offshore at the southern border, totalling 10,715 km². The iSimangaliso MPA is the only MPA that includes both the Natal and Delagoa Bioregions and is critical to the protection of South Africa's biological diversity and its natural landscapes and seascapes. The MPA provides protection to over 6,500 species including the southernmost corals on the east coast of Africa, humpback whales and whale sharks, coelacanths, leatherback and loggerhead turtles, and a vast array of other marine species.

The iSimangaliso Wetland Park lies mostly within the uMkhanyakude district municipality, which is home to approximately 690,000 people, many of whom live either inside or adjacent to the Park. Many of these residents are reliant on marine and terrestrial natural resources to sustain their livelihoods. Funding for the management of the iSimangaliso MPA is provided by the National Government through DFFE which appointed the iSimangaliso Wetland Park Authority as the management authority of the iSimangaliso MPA. Day-to-day conservation including law enforcement, research, and awareness activities are conducted by Ezemvelo KZN Wildlife.



ISimangaliso MPA Oceans Alive Project

The Oceans Alive Project funded by the Blue Action Fund is applying a holistic approach to conservation, meeting both the needs of the environment and the communities that rely on them. The project aims to deliver tangible benefits and improved livelihoods to local communities, strengthen management effectiveness, generate knowledge on mesophotic coral ecosystems, and identify sustainable financing mechanisms.

Specific activities have included supporting the preparation of management plans, investing in infrastructure and equipment to improve monitoring, control, and enforcement across the length of the MPA, and capacity building. The project has also developed a sustainable financing model for iSimangaliso MPA, based on needs assessment, costs and benefits analysis, and stakeholder dependencies and risks. This model was presented at the workshop with subsequent discussions exploring the potential for the development of finance mechanisms to improve the management effectiveness of the MPA and long-term community support.

DRIVING MPA FINANCE AMBITION IN SOUTH AFRICA

High-level representatives from the South African government highlighted that South Africa is in a state of readiness to advance the 30x30 Ocean agenda and noted the important contributions from the scientific and planning community, both within the government, provincial and national conservation agencies, and the NGO community.

However, a majority of delegates noted that South Africa currently has insufficient resources to sustainably finance the country's ocean conservation estate. This problem is not unique to South Africa. Globally 70 percent of MPAs face insufficient funding, which is typically short-term and primarily comes from governments and philanthropy.

In a post-COVID era and with international pressures such as the war in Ukraine and the climate emergency, public finances will continue to be constrained. **In this environment, there is a critical need to identify, pilot, and scale long term sustainable finance solutions for MPAs which deliver economic, social, environmental benefits, as well as a return on investment.**

As nations look to finance 30x30, several impactful ocean financing mechanisms have already been piloted, primarily in Small Island Developing States. To achieve international biodiversity and climate targets, it is necessary to implement financial solutions across a wider range of countries. As a key player in the G20 and of the Brazil, Russia, India, China and South Africa (BRICS) economies, with significant economic output and natural assets, South Africa is well placed to lead and showcase how these solutions can be effectively scaled.

REGIONAL PERSPECTIVES

The workshop also incorporated regional perspectives on how MPA sustainable finance mechanisms can be scaled across Africa. In Africa, 38 countries are coastal with a combined maritime zone of 13 million square kilometres. 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."

One initiative highlighted was the Great Blue Wall initiative. Spearheaded by IUCN in collaboration with governments in the Western Indian Ocean (WIO), it aims to empower governments and local communities to manage and expand MPAs and connect them with public and private finance. Currently, only four percent of the region's marine waters are protected. Panellists and delegates noted the importance of creating a biologically diverse network of MPAs to aid species migration, more effectively manage the WIO, and harness finance at a greater level. The initiative is also working to build a pipeline of investable sustainable blue economy projects, and connect early stage projects with seed and venture capital to finance further conservation efforts.

The African Union's Blue Economy Programme was also highlighted as a potential vehicle to share and deepen collaboration on MPA sustainable finance across the African continent. Representatives highlighted the need to finance the governance of Africa's coastal waters, improve research capacity to underpin management practices, support bottom-up initiatives, and advance gender and youth perspectives. Multiple delegates also stressed that there is strong momentum for African-led solutions to close the finance gap.



Highlighting Sustainable Finance Solutions



Following presentations and discussions about South Africa's MPA network, work being undertaken in uThukela and iSimangaliso MPAs, and finance challenges, workshop delegates highlighted the following ocean and terrestrial sustainable finance solutions. While far from comprehensive, it provided a basis for future discussions about financial mechanisms which would be suitable in a South African context.



● BLENDED FINANCE

Blended Finance entails blending public capital such as Official Development Assistance (ODA) or funding by multilateral development organisations with private capital to de-risk projects and attract additional investment. With regards to MPA finance, for example, Blue Finance, is working to structure a blended finance facility to support sustainable revenue-generating initiatives in MPAs. These aim to enhance the protection of over 1,000,000 hectares of high-biodiverse coral reefs and have a positive impact on the local economy. The initial phase has focused on working with NGOs in Indonesia, Philippines, and Tanzania to manage 'bankable' MPAs, on behalf of Governments. Blue Finance also preparing new MPA financing mechanisms in Belize, Bahamas, Cabo Verde, Dominican Republic, Fiji, and Mozambique.

By providing early stage working capital for MPAs through a co-managed arrangement, Blue Finance acts as a conduit between the MPAs and the impact investors who invest in the facility. The facility offers a range of refundable and non-refundable grants and debt to reduce the interest rate burden and provide flexible funding for MPAs. Investments returns are often linked to performance and measured using environmental key performance indicators (KPIs), providing a financial incentive to improve species abundance and biodiversity in the MPA.

DEBT FOR NATURE SWAPS

Debt for nature swaps – also referred to as debt conversions – involve restructuring sovereign debt to reduce a country's debt burden in exchange for financing for conservation activities. In 2017, the Seychelles Government, in partnership with The Nature Conservancy, UNDP, and the Global Environment Facility (GEF), successfully undertook the first debt conversion aimed at protecting the Ocean. Similar deals have subsequently taken place in Barbados, Belize, and Ecuador. For Seychelles, \$22 million was purchased at a discount, with debt payments being redirected into the Seychelles Conservation and Climate Adaptation Trust (SEYCATT) to distribute \$300,000 annually for conservation projects, as well as capitalising an endowment for the long-term sustainability of the fund.

Three enabling conditions for debt conversion projects were highlighted by workshop delegates. First, government commitment to a holistic marine spatial planning process driven by a 30x30 Ocean protection narrative is essential for providing the political stability needed to conduct a debt conversion deal. Second, a robust engagement strategy in the set-up, deal execution, and subsequent funding of conservation projects is essential for building trust between all stakeholders. Third, a detailed costing analyses of conservation needs, as well as a clear and transparent financial mechanism for distributing funds is key for ensuring needs are met.

The Role of the Finance Sector in Driving Investment into Coastal and Marine Natural Capital

A senior representative from the international banking sector highlighted how the finance industry can better manage and disclose nature risk, and create positive incentives to support nature positive outcomes. Noting that all global economic activity is either directly or indirectly dependent on nature, it is essential to embed nature in our economic decision making. By demonstrating the economic viability of conservation activities, we can scale up investments in nature through projects which generate cashflow and environmental benefits. Government support, as well as blended and concessional finance, has a key role to play in facilitating large capital flows to conservation projects like marine protection.

It is also key to ensure that local communities are at the centre of conservation activities. However, connecting large financial flows to small-scale projects or MPAs remains a significant challenge, described as the paradox of too much money in the global market to effectively solve local challenges. Stacking multiple revenue streams from ecosystems services or developing a conduit to aggregate smaller projects and act as an agent to access capital markets were highlighted as potential avenues to pursue.



BLUE BONDS

A blue bond is a capital market instrument used to fund ocean sustainable business opportunities. These bonds can be issued by private sector organisations, governments or multilateral institutions. Workshop delegates highlighted three examples of blue bonds.

- **Seychelles Blue Bond:** Following its debt for nature swap, the Seychelles raised a sovereign blue bond. With support from the GEF and World Bank, the bond raised \$15 million to support the expansion of MPAs, improved governance of priority fisheries, and the development of the Seychelles blue economy.
- **Nordic-Baltic Blue Bond:** Pollution has historically impacted marine ecosystems in the Baltic Sea. To address this challenge, a blue bond was issued to make investments into waste management, renewable energy, clean transport solutions, and flood protection projects. Municipalities in the region bid for projects which are supported by the blue bond. This approach enables investors to directly target water related investments addressing these shared challenges.
- **Use of Proceeds Blue Bond:** A bundle of individual projects which undertake sustainable blue economy activities. This aggregates risky projects together and helps to de-risk smaller projects and help them access private capital.

BLUE CARBON, RESILIENCE, AND BIODIVERSITY CREDITS

Credits are a tool to target investment from capital markets towards conservation activities. Overall, credits allow companies to support nature-positive and resilience actions through funding long-term conservation objectives. Three types of credits were highlighted during the workshop.

- Blue carbon credits refer to the carbon sequestered in coastal and marine ecosystems, such as mangroves, seagrasses, and saltmarshes.
- Resilience credits refer to the protection provided by the same ecosystems to coastal communities and assets.
- Biodiversity credits aim to stop and reverse species loss by addressing inland and Ocean risks.

Delegates highlighted the need to ensure that the growing credit market does not sideline the role of local communities. Recently developed [High Quality Blue Carbon Guidance](#) is one example of growing momentum to ensure accountability, sustainability, and transparency in this growing marketplace. Subsequent discussions also noted the importance of “stacking” credits (for example issuing blue carbon as well as biodiversity credits for the same mangrove forest) to increase the price of key ecosystems per hectare, providing a higher financial return which can be reinvested in conservation activities.

CONSERVATION TRUST FUNDS

Conservation trust funds are independent institutions that provide sustainable financing for conservation activities. The Caribbean Biodiversity Fund (CBF) was highlighted as a successful example of a regional umbrella environmental fund that through a range of financial instruments including an endowment fund, sinking fund, and project investments that operate through partner National Conservation Trust Funds, implements innovative financing for conservation projects. The endowment is held at the regional level by CBF to pool national projects, provide better investment opportunities for outside investors, reduce costs through economies of scale, and improve the return on investment.

The importance of an independent and transparent governance structure, comprised of government and non-government stakeholders, was highlighted. Delegates also discussed how a similar pooling structure could finance South Africa's MPA network or across the region through an international mechanism such as the Great Blue Wall.

WILDLIFE CONSERVATION BONDS

The Wildlife Conservation Bond - also commonly referred to as the Rhino Bond - is an outcome-based, financial instrument that channels investments to achieve conservation outcomes. Performance is measured by conservation KPIs, in this case by an increase in black rhino populations. Workshop delegates involved in the set-up of this financial mechanism spoke about its structuring, lessons learned, and how a similar mechanism could be applied in the marine context.

Two key elements for success were highlighted. First, developing key KPIs backed by consensus on the conservation fundamentals is key for demonstrating buy-in from the scientific and NGO communities. Second, strong implementing partners which have a demonstrated track record in managing existing conservation funding is essential for demonstrating credibility and reducing risk for financial institutions.



Insuring Nature to Build Resilience

Senior representatives from the insurance and reinsurance sector spoke about how insurance can be used to build resilience through incentivising behaviour change, de-risking investments into a sustainable blue economy, and repairing and restoring nature.

Parametric or index insurance was noted as a risk transfer solution for MPAs. For this product, historical data is used to estimate the exposure of the assets to be protected, with payouts triggered immediately when a climate-related disaster reaches a certain threshold. For MPAs, parametric insurance can be used to build resilience against a wide range of climate-related hazards such as marine heatwaves, flooding, and cyclones. Two implemented solutions were highlighted.

- **In the MesoAmerican reef**, a parametric insurance product has been developed that provides for a rapid insurance pay-out based on windspeed, following an extreme storm event to finance reef repair immediately following a storm by locally trained tourism workers.
- **AXA Climate has collaborated with Blue Finance and Howden** to implement a parametric product in two MPAs in Belize and the Philippines to protect against cyclone risks, finance restoration efforts, and support livelihoods in the ecotourism and sustainable fisheries sectors.

Both examples showcase how insurance solutions can be effectively integrated into the management of MPAs. Further, incorporating these solutions into MPA set-up can also help to attract more funding by transferring risk from the project to the insurer.

Breakout Groups: Identifying and Deploying Innovative Ocean Finance Mechanisms



Spread over two days, workshop participants worked in 10 separate breakout groups to discuss key challenges and opportunities for identifying and developing sustainable finance solutions. The groups looked at sustainable financing mechanisms for the uThukela MPA, and also considered options for financing the iSimangaliso MPA and 30x30 in South Africa's waters.



UTHUKELA MPA

Key Discussion Highlights

- Proclaimed in 2019 uThukela is relatively new compared to other MPAs like iSimangaliso. Its management plan is still under development. While this could make it challenging to implement a financial solution it also presents an opportunity to integrate sustainable finance mechanisms at the start of the management process.
 - There is also an opportunity to improve management by expanding protection landward beyond the high-water mark. This would allow for further engagement with coastal communities, support additional conservation activities, and integrate inland risks.
- Low funding inhibits effective management of the MPA. Additional capital equipment including boats needs to be purchased by Ezemvelo (the management authority). The use of drones for monitoring has the potential to reduce some costs.
- To identify which financing mechanisms could be implemented in uThukela MPA, WILDTRUST is conducting a comprehensive finance gap analysis. Depending on the financial need and funding timescales, the MPA should look to leverage multiple finance mechanisms to develop multiple revenue streams.
- There are significant biological and environmental data gaps which need to be filled to inform management strategies and the identification of sustainable financing solutions. For example, WILDTRUST will be conducting a carbon sink study (including coastal and ocean ecosystems) to help determine the viability of issuing blue carbon credits.
- uThukela MPA is currently used as a shipping route to the major port of Durban, with ships also anchoring in the MPA waters. These activities are not governed by access fees.
- Fishing is prevalent in the MPA (combination of subsistence and small commercial enterprises). While these activities are small scale, they are lightly monitored and current regulations are rarely enforced.
- Pollution risks pose a threat to uThukela MPA. Sand dune mining in iSiyaya to the north of the MPA will have potential impacts. Inland, pollution run-off from agriculture and mining also presents a risk.
- Supporting local communities is critical. Further work needs to be undertaken to understand their specific needs and include them in any restoration efforts. Communities have previously raised concerns about not being properly consulted during the stakeholder engagement for the proclamation of the MPA.

Potential Sustainable Finance Solutions Identified

- **Eco-tourism:** Currently limited in uThukela MPA, despite its close proximity to the coastal city of Durban. Further assessments are needed to determine the tourist assets, potential products, and sort out access issues. Marketing will also be needed to change public perceptions and attract people to the area. It is essential that local communities are involved in the development of eco-tourism ventures to provide local employment opportunities and proactively resolve any conflicts regarding land management.

- **Fishing:** Opportunity to engage communities and develop sustainable small-scale enterprises. The Abalobi social enterprise – which utilises technology to sell fish directly to the market and support the financial resilience of fisherfolk is one option which could be explored.
- **Biodiversity offsets:** utilising the polluter pays principle, there is an opportunity for sectors with direct and indirect impacts (agriculture, mining, oil and gas, and shipping) on the MPA to offset negative environmental impacts through funding conservation activities.
- **Credits:** Following carbon feasibility studies there is potential to develop and sell blue carbon credits on the voluntary market. However, concern was expressed that the relatively small amount of traditional blue carbon ecosystems (mangroves, saltmarshes, and estuaries) might reduce the investible proposition of the credits due to higher transaction costs. However, deep sea carbon sequestered in mudbanks could remedy this. In addition, there is potential to stack other ecosystem benefits such as resilience and biodiversity to increase the value of ecosystems services.
- **Conservation Trust Fund:** Given the higher upfront capital costs, other financial mechanisms with higher short-term capital flows could be more suitable.

ISIMANGALISO MPA

Key Discussion Highlights

- Management and governing structure is well established in iSimangaliso MPA. However, management divisions between the iSimangaliso Wetland Park Authority and Ezemvelo KZN Wildlife can create inefficiencies. Clearer division of roles would improve the economic efficiency of day-to-day activities.
- As a World Heritage site, iSimangaliso receives more financial support from the national government than other MPAs. However, a lack of funding at the provincial level (which supports day-to-day management activities) is a challenge.
- WILDTRUST has conducted a finance gap study for iSimangaliso MPA. Through a multistakeholder process, the total MPA finance gaps, including capital, operational, and staff needs, was calculated at \$32,627,018 over 10 years.
- Given its location on the border with Mozambique, there is potential for conservation efforts in iSimangaliso MPA to benefit from transboundary financing.
- Private activities are allowed in the MPA through a tiered leasing structure. For example, there is one fee to enter the park and another to dive. However, there are concerns that concession rates are too low.
- A community trust fund was established alongside the park, which is supported by park entrance fees (eight percent), with benefits going back to the community. However, competing land claims and ensuring that financial benefits are directed to local communities remains a challenge.

Potential Sustainable Finance Solutions Identified

- **Eco-tourism:** Building on previous efforts to engage private investors to scope eco-tourism opportunities, the sustainable expansion of business opportunities can drive an improved revenue stream. In particular, eco-tourism activities such as camps should be expanded.
- **Concession Rates:** Opportunity to renegotiate concessions to increase revenue from activities such as park entrance fees, game revenue from fishing and hunting, and diving. A feasibility assessment would be needed to assess how to ensure any increases does not damage visitor numbers and overall revenue.
- **Credits:** Carbon credits have the potential to finance maintenance activities for estuarine mangroves and seagrasses (and potentially deep-sea kelp). Detailed carbon assessments for each ecosystem are needed to develop this financial mechanism.

NATIONAL 30X30 MPA FINANCING

Key Discussion Highlights

- Balancing effective finance and management of South Africa's current MPA network, while at the same time planning for expansion towards the 30x30 target is key.
- There are significant advantages to developing national level rather than MPA specific financing mechanisms, including larger ticket sizes and reducing risk (risk pooling) across the investment portfolio.
- More detail is needed about efforts already underway, the current and future finance gap, and potentially applicable finance mechanisms which could support a national level portfolio.
 - Stakeholder engagement with local communities and private sector users (in particular fishing, shipping, and mining) is important to build buy-in.
 - Developing clear and consistent KPIs to measure the performance of MPAs is essential for the development of any financial mechanism which is aiming to demonstrate impact and a return on investment.
- It is critical to incorporate MPA management within the broader marine spatial planning process.
 - MPAs are porous and national risk assessments need to include impacts in areas adjacent to them.
 - MPAs provide benefits for many ocean users including local communities, fishing sector, tourism, and blue infrastructure.
 - There is an opportunity to utilise the deployment of financial mechanisms in an integrated marine spatial plan to finance MPA 30x30. This approach would reduce the need to solely rely on developing "bankable" projects in each MPA to develop revenues streams which can attract private investment.

- Opportunity to highlight the narrative around MPA linkages to the global climate agenda (MPAs as mitigation, adaptation, and resilience tools) to attract additional climate finance. For example, carbon sequestration from South Africa MPA network could be integrated into its Nationally Determined Contribution (NDC).
- Further financing should be accompanied by improved uptake and use of remote sensing and drone technology for monitoring and compliance to increase efficiency of MPA operations.

Potential Sustainable Finance Solutions Identified

- **National Conservation Trust Fund:** Adapting the Caribbean Biodiversity Fund model, a South Africa Blue Trust Fund could be developed to support South Africa's 41 MPAs and expansion to meet the 30 percent target. This approach would enable the management authority to pool resources and provide financial resources based on need and conservation/community benefits. Further work should be undertaken to:
 - Define capital needs and time horizons to identify the appropriate financial structure.
 - Identify potential funding sources. Those highlighted including users' fees on licensed marine activities (fishing, shipping, aquaculture, offshore renewables, oil and gas, underwater cables, tourism) in the remainder of South Africa's EEZ. An alternative could be to add a conservation levy to legally required insurance.
 - Design governance structure. It was noted that it should include both the national and local levels government and non-government representatives, with an independent implementing agency to manage the funds. National level Blue Trust Funds could also be further pooled across the region through initiatives such the Great Blue Wall.
- **Debt conversion:** The amount of debt to be potentially converted in South Africa would be a relatively small percentage compared to its overall national debt (particularly vis a vis previous examples in Seychelles and Belize). However, these examples do demonstrate how such a debt conversion can improve the national credit rating of a country, as well as finance conservation activities and help the government finance its 30x30 target. This narrative would be key to building buy-in. South Africa's well developed financial sector further reduces risk and presents an opportunity for national and international finance institutions to participate in such a deal.
- **Credits:** Carbon sequestration and development of blue carbon credits should be considered as part of the solution and a national assessment conducted.
- **Biodiversity offsets:** The feasibility of implementing voluntary and compulsory offsets from high polluting sectors should be considered. Options discussed included airport and port taxes, environmental fees, and a global marine transport fee.
 - Trade subsidies, where a small percentage of imports/exports could be diverted into a conservation trust fund to finance 30x30 expansion of the regional MPA efforts.
- **Blue Bonds:** Following the Baltic Blue Bond model, a single bond could fund a group of projects submitted by MPA management authorities. More remote MPAs with less viable revenue streams would be given preferential access to funds.

Appendix



ABOUT WILDTRUST*

The WILDTRUST is a South African Non-Profit Organisation and, due to the nature of our work, is also registered as a Public Benefit Organisation and Public Welfare Organisation. The WILDTRUST mission is to inspire our teams to work to regenerate the inter-connectedness of all things, to create opportunities to empower and restore socio-ecological resilience and the balance between humankind and nature, for a just and healthy planet. The WILDTRUST pursues the realisation of its vision of a thriving and resilient world, through two core programmes, its WILDLANDS and WILDOCEANS programmes. The WILDLANDS programme focuses on terrestrial conservation and underwriting the sustainable development of the green economy. And the WILDOCEANS programme concentrates on marine and coastal conservation and underwriting the sustainable development of the blue economy.

The strategic and interlinked goals of the WILDOCEANS programme are to protect and restore marine biodiversity, and to build resilience for coastal communities. Because biodiversity protection is inextricably linked to building resilience, all our projects contribute to both goals to a lesser or greater degree. Furthermore, we strive to include in all our projects key cross-cutting elements that add impact value and significantly amplify outcomes. These cross-cutting elements include community livelihood support, future leader development, science and knowledge generation and ocean awareness communication and campaigning.

ABOUT THE OCEAN RISK AND RESILIENCE ACTION ALLIANCE (ORRAA) **

ORRAA is the only multi-sector collaboration connecting the international finance and insurance sectors, governments, non-profits, and stakeholders from the Global South to pioneer finance products that incentivise investment into coastal and ocean Nature-based Solutions. Our goal, by 2030 is to activate at least \$500million of investment into this space, and in so doing, help build the resilience of at least 250 million climate vulnerable coastal people.

The heart of ORRAA's mission is focused on building the resilience and adaptive capacity of marine and coastal ecosystems and the coastal communities around the world that rely on them. We do this by driving investment into ocean and coastal Nature Based Solutions (NBS), as well as through the mitigation of risk multipliers like overfishing and pollution. These solutions will enable the Ocean and the communities which depend on it to thrive, creating greater economic security as well as social and cultural resilience for climate vulnerable coastal communities.

WORKSHOP AGENDA

TIME (SAST)	ACTIVITY
Tuesday, 2 May 2023	
16:00 – 17:00	Registration and Coffee at The Avenue, Two Oceans Aquarium
17:00 – 18:00	Guest access to the Two Oceans Aquarium
18:00 – 18:30	Drinks Reception
18:30	Dinner and Welcome
Wednesday, 3 May 2023	
8:30 – 9:00	Coffee
9:00 – 9:30	Welcome <ul style="list-style-type: none"> Brief intro from workshop co-hosts [Karen Sack, ORRAA and Jean Harris, WILDTRUST] Walk through workshop agenda, objectives, and key questions
9:30 – 10:40	Panel: MPAs and the 30x30 Agenda <ul style="list-style-type: none"> Opening remarks [Chairperson Pam Yako, South African National Parks Board] South Africa MPA Showcase Panel discussion <ul style="list-style-type: none"> ISimangaliso MPA [Nozi Mbongwa, WILDTRUST] UThukela MPA [Nonhle Mngadi, WILDTRUST] Opportunities for Action: To 30x30 in South Africa's waters [Steve Kirkman, DFFE, Government of South Africa] Great Blue Wall: A Regional Approach [Peter Manyara, IUCN] The Blue Economy, Africa and MPAs [Barkha Mossae, African Union] Moderated discussion + Q&A from workshop participants
10:40 – 10:55	Keynote: An Opportunity for Investment <ul style="list-style-type: none"> Financing 30x30 and Beyond [Markus Mueller, Deutsche Bank]
10:55 – 11:15	Coffee Break

11:15 – 12:30	<p>Panel: The Challenge: Plugging the MPA Finance Gap</p> <ul style="list-style-type: none"> • Overview: The South Africa MPA finance challenge [Mark Gerrard, Conservation Strategy Fund] • ISimangaliso MPA Finance Needs Case Study [Babatunde Adeleke, WILDTRUST] <p>Spotlight: Ocean Finance Solutions</p> <ul style="list-style-type: none"> • Conservation Trust Funds [Karen McDonald Gayle, Caribbean Biodiversity Fund] • Seychelles Blue Bond [Adnan Awad, TNC] • Rhino Bond [Oliver Withers, Standard Chartered] • MPA finance facility [Gary Lotter – Blue Finance] • Blue Finance and 30x30 Action [Melissa Walsh, Minderoo Foundation] <p>Moderated discussion + Q&A from workshop participants</p>
12:30 – 12:45	<p>Keynote: An Opportunity for Investment</p> <ul style="list-style-type: none"> • Financing 30x30 and Beyond [Ariane Kaploun, AXA Climate]
12:45 – 14:00	Lunch
14:00 – 16:00	<p>Breakout Groups Part 1: The Solutions: Identifying and Deploying Innovative Ocean Finance Mechanisms</p> <ul style="list-style-type: none"> • Breakout group 1 • Breakout group 2 • Breakout group 3 • Breakout group 4 • Breakout group 5
16:00 – 16:30	Coffee Break
16:30 – 17:15	<p>Discussion: Feedback from Breakout Rooms</p> <ul style="list-style-type: none"> • Open discussion with participants about anything that has been missed.
17:15 – 17:30	Conclusions from Day 2 and Plan for Day 3
17:30 – 19:00	<p>Drinks Reception</p> <ul style="list-style-type: none"> • Remarks [Briony Coulson, Department for Environment, Food and Rural Affairs, Government of the United Kingdom]
Thursday, 4 May 2023	
8:30 – 9:00	Coffee
9:00 – 10:00	<p>Panel: MPA Financing Solutions</p> <ul style="list-style-type: none"> • Reflections from uThukela MPA representative • Reflections from NGO Coalition representative • Reflections from Government representative • Reflections from private sector representative • Moderated discussion + Q&A from workshop participants

10:00 – 11:30	Breakout Groups Part 2: The Solutions: Identifying and Deploying Innovative Ocean Finance Mechanisms <ul style="list-style-type: none"> • Breakout group 1 • Breakout group 2 • Breakout group 3 • Breakout group 4 • Breakout group 5
11:30 – 12:30	Next Steps <ul style="list-style-type: none"> • Reports back from breakout groups • Wrap Up
12:30 – 13:30	Light lunch

