

DRAFT WORKSHOP REPORT CTI-CFF FINANCIAL RESOURCE STRATEGY

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LIST OF ACRONYMS

ADB	Asian Development Bank
ASEAN	Association of South East Asian Nations
BF	Blue Finance
BPAF	The Bahamas Protected Area Fund
BSSME	The Bismarck Solomon Seas Marine Ecoregion
CBD	Convention on Biological Diversity
CBF	Caribbean Biodiversity Fund
CBI	Congo Basin Initiative
CCA	Climate Change Adaptation
CCI	Caribbean Challenge Initiative
CEPA	Conservation and Environment Protection Authority
CFA	Conservation Finance Alliance
CI	Conservation International
CITES	Convention for International Trade in Endangered
CT6	The six Coral Triangle country members
CTC	Coral Triangle Center
CTF	Conservation Trust Fund
CTI-CFF	Coral Triangle Initiative on Coral Reefs, Fisheries and Food Security
CTMPAS	Coral Triangle Marine Protected Areas System
DP	Development Partners
EAFM	Ecosystem Approach to Management of Fisheries
EEZ	Exclusive Economic Zone
ESG	Environmental, Social and Governance
EU	European Union
FAO	The Food and Agriculture Organization
FIP	Fisheries Improvement Project
FMA s	Fisheries Management Areas
FRWG	Financial Resources Working Group

GCF	Green Climate Fund
GEF	Global Environment Facility
GESI	Gender Equity and Social Impacts
GoAU	Government of Australia
GSDTF	Grenada Sustainable Development Trust Fund
ID	Indonesia
IDB	Islamic Development Bank
IUU	Illegal, unreported, and Unregulated
LSS	Lesser Sunda Seascape
M&E	Monitoring and Evaluation
MEPA	Marine Ecosystem Protected Area Trust
MESTECC	Ministry of Energy, Science, Technology, Environment and Climate Change
MMAF	Ministry of Marine Affairs and Fisheries
MPAs	Marine Protected Areas
MY	Malaysia
NCC	National Coordinating Committees
NCTFJ	National Conservation Trust Fund of Jamaica
NCTFs	National Conservation Trust Fund
NGO	Non-Government Organization
NPOAs	National Plan of Actions
NUS	National University of Singapore
ODA	Overseas Development Assistance
PH	Philippines
PMU	Project Management Unit
PNG	Papua New Guinea
POW	Program Of Work
PT	<i>Perseroan Terbatas</i> - Limited Liability Company
RDMA	Regional Development Mission for Asia
RETA	Regional Technical Assistant
RFP	Request For Proposal
ROR	Rate Of Return
RPOA	Regional Plan of Action
RS	Regional Secretariat
SCNCF	St. Christopher and Nevis Conservation Foundation
SDGs	Sustainable Development Goals
SEAFDEC	Southeast Asian Fisheries Development Center

SI	Solomon Islands
SLUNCF	Saint Lucia National Conservation Trust Fund
SMART	Sustainably-Managed-Adaptive-Resilient-Targeted
SOM	Senior Officials Meeting
SSF	Small Scale Fisheries
SSSE	Sulu Sulawesi Seascape Ecoregion
TL	Democratic Republic of Timor-Leste
TNC	The Nature Conservancy
TOR	Term of Reference
TWGs	Technical Working Groups
UK	United Kingdom
USA	United States of America
WB	World Bank
WCS	Wildlife Conservation Society
WGs	Working Groups
WLF	Women Leaders' Forum
WPP	<i>Wilayah Pengelolaan Perikanan</i>
WTW	Willis Towers Watson Insurance company
WWF	World Wildlife Fund
YFT	Yellow Fin Tuna

FOREWORD AND ACKNOWLEDGEMENTS

First endorsed in 2009, the 10-year Regional Plan of Action (RPOA) provides the guiding framework for the Coral Triangle Initiative on Coral Reefs, Fisheries and Food Security (CTI-CFF) and has led to a wide range of accomplishments in the CTI region. However, much has changed over the past nine years.

PT Hatfield Indonesia (Hatfield) has been appointed to facilitate development of the renewal of the RPOA 2.0. Hatfield has prepared a team with highly relevant experience for the purpose of optimizing engagement of key stakeholders across different countries. A coordinated participatory approach is utilized to deepen the level of analysis required for effective planning and development of the RPOA 2.0.

This workshop report serves as a summary of the issues discussed during the financial resource strategy expert workshop hosted by the Wildlife Conservation Society on July 31 – August 1 2019 in their co-working office space.

The entire WCS team, led by Martin Callow, is greatly acknowledged for their support. WCS also engaged David Meyers of the Conservation Finance Alliance, who facilitated two of the important working sessions. His contribution is very much appreciated. WWF (Susan Roxas), TNC (Laura Whitford and Leah Carriere) and WCS (Hollie Booth and Elizabeth Matthews) further provided important support to the content of the workshop and had several of their experts present and discuss cases relevant to the workshop. Dr. Mumby prepared an important case for consideration and Dr. Nicole Coombe provided that case in person during one of the content sessions.

The expert team is also very grateful for the support by the Regional Secretariat in the various preparations prior to the workshop, for the lunches provided, and importantly for their help with running the presentations and with note-taking.

Last but not least, we like to thank all participants traveled from afar and who shared their experience and knowledge so well and worked well together through the workshop exercises.

Lida Pet-Soede, lead Consultant, PT Hatfield Indonesia

August 2019

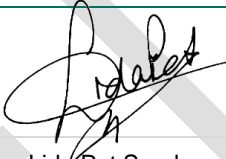
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AMENDMENT RECORD

This report has been issued and amended as follows:

Issue	Description	Date	Approved by
1	First Draft - Financial Resource Strategy Workshop Report	2019-08-07	 Lida Pet Soede Project Director

1.0 BACKGROUND

The CTI-CFF was established through a Declaration signed by the Leaders of the Republic of Indonesia (ID), Malaysia (MY), the Independent State of Papua New Guinea (PNG), and the Republic of the Philippines (PH), Solomon Islands (SI), and the Democratic Republic of Timor-Leste (TL) in May 2009. A 10-year RPOA was adopted at the Leaders' Summit to assist the countries to achieve their goal of closer co-operation.

The RPOA has five Goals, ten specific targets and 37 regional actions. The RPOA is essentially implemented through five Technical Working Groups (TWGs) which mirror the RPOA Goals and are comprised of technical experts from both member country and Development Partner organizations¹, as well as specialists drawn from other interested stakeholder organizations, institutions, and groups. RPOA implementation is also supported by three sets of cross-cutting actions, including Coordination Mechanisms and Implementing Partners, Financial Resources and Monitoring and Evaluation (M&E).

A Regional Secretariat (RS) located in Manado, hosted by the Ministry of Marine Affairs and Fisheries (MMAF) of ID, is the intergovernmental regional body mandated to promote regional cooperation, sharing of lessons and facilitate learning across the member countries. The RS also coordinates and monitors progress in achieving the goals mentioned above.

A Review of the RPOA 1.0 effectiveness was conducted in 2019 and this forms an important foundation to the discussions towards the RPOA 2.0. One of the main needs identified through that Review was the mobilization of financial resources for the CTI-CFF vision, goal and objectives. A financial business plan for the Financial Resources WG would improve its effectiveness and a sustainable finance mechanism would significantly increase the sustainability and effectiveness of the CTI.

While the CT6 member countries mobilize annual contributions to the implementation and operations of the RPOA, the RPOA 1.0 Review suggested that to ensure high level government support and to sustain these financial contributions, closer integration of the CTI program into the activities of the lead government agencies involved in the program as well as other government agencies is needed. The aim should be the inclusion of the CTI in the budget of other Ministries or national planning agencies so that it is viewed as part and parcel of the mandate of these agencies. This will require work to communicate the logic of working at a regional level clearly and more effectively to specific target audiences and individual decision makers. It was considered important to put more effort in engaging Planning and Finance Ministries and higher decision-making bodies of governments (including those ministries related to foreign affairs and law enforcement).

It was also recommended that the CTI should avoid duplicating work that is already done by other regional organizations and focus on its core competencies or where it holds a competitive advantage. Aligning more strategically with other organizations will allow the CTI to indicate its unique relevance while working hard and effectively to complement work done by others. To support this and mobilize national, regional or international funds, it will be important to clarify where the delivery of the CTI lies. This clarity will help more people understand the actual value of the CTI and support it to achieve its full potential.

¹ Development Partners (DP) include the Governments of Australia and the United States of America (USA), the Asian Development Bank (ADB), The Nature Conservancy (TNC), Conservation International (CI), the World Wildlife Fund (WWF), Global Environment Facility (GEF) and the Coral Triangle Center (CTC).

Lastly, and importantly, many respondents to the RPOA 1.0 Review, suggested that the private sector should become more structurally engaged and involved as a key stakeholder for the RPOA, and include also large private donor foundations and impact investment initiatives by working explicitly on profiling economic and social impacts of good ocean governance. Aspects linking productive coastal ecosystems with investment security would be useful as well as pointing out how a multi-lateral arrangement like this could help stabilize situations as a network of actors is more resilient than an individual unconnected set of things. Discussing topics such as blue bonds and related innovations would easily attract attention. Also, when private sector actors become connected to a place, which they can support financially, often through supportive tourism developments, but also by providing access to technological innovations that could benefit capacity development across the CTI, for EAFM for example.

2.0 WORKSHOP OBJECTIVES

Building on the RPOA 1.0 Review findings and considering the potential application of different finance strategies and -solutions, experts were invited to a workshop to help draft a financial resource mobilization plan in support of the RPOA 2.0. The expert workshop comprised a 2-day agenda attended by participants as recommended by the NCC and by resource experts as recommended by the development partners. The workshop objectives were to share relevant expertise to draft a financial business plan or resource mobilization plan in support of the RPOA 2.0. and to compile further recommendations and relevant information on a sustainable finance mechanism. The workshop agenda was designed to allow participants to draw ideas from content experts, as well as consider examples from other regional initiatives².

3.0 TIME, VENUE AND PARTICIPANTS

The workshop was conducted at the Wildlife Conservation Society's (WCS) office space near NUS Singapore, from July 31 – August 1 2019. The Workshop agenda is shown in Table 1 and Table 2 lists the names of all participants. Background reference material was collated by the Regional Secretariat and is available via https://drive.google.com/drive/u/0/folders/1cq57flfaBw1vy_4V6-puNfcQAUevysm

Table 1 Workshop Agenda.

Time	Agenda
Day 1 – sharing information and outline of a finance strategy for RPOA 2.0	
8.30 – 9.00	Introductions by workshop facilitator and lead consultant (Lida Pet-Soede), restating the objectives
9.00 – 10.15	Session I: Background information with presentations on: <ul style="list-style-type: none"> • CTI-CFF – history and characteristics (RS – Dr Hendra Siry 30 minutes) • Regional economic and development context to the CTI (Lida-Pet-Soede - 15 minutes) • RPOA 2.0 direction (Lida Pet-Soede – 15 minutes) • Q&A
10.15 – 10.45	Tea and coffee break
10.45 – 12.30	Session II: Expert presentations and Q&A.

² During the review of RPOA 1.0 a summary overview of different characteristics of ten other regional initiatives was provided as support document, this is available through the CTI-CFF Regional Secretariat.

Time	Agenda
	<ul style="list-style-type: none"> • <i>Coral reef finance mechanisms – David Meyers, Conservation Finance Alliance, 30 minutes</i> • <i>Relevance of the CTI-CFF for funders and finance institutions with an introduction of the new ADB initiative ‘ADB Action Plan for Healthy Oceans and Sustainable Blue Economies’ – Arunkumar Abraham ADB, 30 minutes</i> • <i>Facilitated discussion on Enabling conditions for finance mobilization – Laura Whitford and Lida Pet-Soede, 45 minutes</i>
12:30 – 13:30	<i>Networking Lunch</i>
13:30 – 13:45	Session III: Introduction of framework for design of the cases (Martin Callow)
13.45 – 15.45	Session IV: 4 potential cases each 30 minutes moderated by Martin Callow <ul style="list-style-type: none"> • <i>Securing reef-related livelihoods and seafood in a changing climate (presented by Nicole Coombe and Pete Mumby)</i> • <i>Case on Sharks and Rays (Presented by WCS - Liz Matthews and Hollie Booth)</i> • <i>Financing the Ecosystems Approach to Fisheries Management (presented by WWF – Susan Roxas)</i> • <i>National conservation trust funds and sustainable financing options for capitalizing them (presented by TNC – Laura Whitford and colleagues)</i>
15.45 – 16.00	<i>Tea and coffee break</i>
16.00 – 17.00	Session V: Break-out – discuss 4 cases in a marketplace setting (15 minutes each) with each of the 5 case presenters with a focus on the potential for activation/follow up
17.00 – 17:30	Session VII: Report back and ‘Feel the pulse’ – reflect back on “enabling conditions discussion” (Facilitated by Lida Pet-Soede)
18.00 – 20.00	Networking dinner and FRWG meeting (invitation only)
Day 2 Final draft design of finance strategy	
8:30 – 9:00	Recap of day 1 and reflections (Hendra Siry)
9.00 – 10.30	Session VII: Introducing Key components of the finance mobilization strategy – Lida Pet-Soede Example of trust fund – Laura Whitford and colleagues Introduction to exercises - David Meyers
10.30 – 10.45	<i>Tea and coffee break</i>
10.45 – 12.30	Session VIII: (David Meyers) <ol style="list-style-type: none"> 1. Goals, objectives - Scope (Threat/issue, geography, amount) 2. Portfolio of Finance options – Matching
12.30 – 13.30	<i>Working lunch</i>
13.30 – 15.00	Session IX: <ol style="list-style-type: none"> 3. Enabling conditions: Prioritization and flexibility 4. Marketing and communications 5. Mechanism architecture and -management
15.00 – 15.30	Session X: Next steps – Lida Pet-Soede
15.30 – 16.00	Closing – Hendra Siry

Table 2 List of Participants

No	NCC	Name	Institution / Organization	Gender	E-mail /Phone
1	Indonesia	Ms. Sri Atmini	Department of Fisheries Indonesia	Female	
2	Indonesia	Mr. Imam Fitrianto	Department of Fisheries Indonesia	Male	
3	Malaysia	Ms. Malisa Mat Noor	MESTECC	Female	malisa@mestecc.gov.my
4	Malaysia	Dr. Norasma Dacho	Department of Fisheries Sabah	Female	norasma.dacho@sabah.gov.my
5	Papua New Guinea	Ms. Yvonne Tio	Conservation and Environment Protection Authority	Female	tioyvonne11@gmail.com
6	Solomon Islands	Mr. Alick Misibini	Ministry of Fisheries and Marine Resources	Male	amisibini@fisheries.gov.sh
7	Timor Leste	Mr. Julio Da Cruz	Ministry of Agriculture and Fisheries	Male	+67 077664513
8	ADB	Mr. Arunkumar S. Abraham	Asian Development Bank	Male	aabraham.consultant@adb.org
9	Australian Government	Ms. Nicole Ann Coombe	Australian Government - Department of Environment and Energy	Female	nicole.coombe@environment.gov.au
10	CFA	Mr. David Matthew Meyers	Conservation Finance Alliance	Male	david@cfalliance.org
11	HATFIELD	Dr. Lida Pet-Soede	PT. Hatfield Indonesia	Female	lpetsoede@hatfieldgroup.com
12	TNC	Ms. Laura Whitford	The Nature Conservancy	Female	lwhitford@tnc.org
13	TNC	Ms. Melissa Garvey	The Nature Conservancy	Female	mgarvey@tnc.org
14	TNC	Ms. Leah Carriere	The Nature Conservancy	Female	leah.carriere@tnc.org
15	RDMA	Ms. Napak Tesprasith	USAID RDMA	Female	ntesprasith@usaid.gov
16	WCS	Mr. Martin Callow	Wildlife Conservation Society	Male	mcallow@wcs.org
17	WCS	Ms. Mary Elizabeth Matthews	Wildlife Conservation Society	Female	ematthews@wcs.org
18	WWF	Ms. Susan Roxas	WWF – Philippines	Female	sroxas@wwf.org.ph

Prior to the start of the workshop sessions, and regarding the provisional agenda item on a proposed FRWG side-meeting (Dinner meeting), the NCC Malaysia, NCC Papua New Guinea and NCC Solomon Islands requested to defer the FRWG side meeting due to the insufficient notification time as per FRWG TOR, and as meeting documents were not circulated in time to be fully considered in preparation of the meeting. NCC Indonesia was ready for the FRWG Meeting but will go with the majority. NCC Timor-Leste was also OK with deferring it. NCC Philippines was not present. Hence, the proposed side meeting of the FRWG did not take place during this workshop.

Figure 1 Group picture of workshop participants.



4.0 WORKSHOP RESULTS

4.1 DAY 1 – SHARING INFORMATION

4.1.1 Session I: Background Information

Dr. Nora of the RS presented some history to the CTI-CFF with relevance to the topic of the workshop and listed the main challenges for finance mobilization identified in a study funded by the ADB and government of Australia in 2015. The study included an assessment of medium and long term (to 2025) resource requirements, an assessment and design of fund generation and mobilization mechanisms, and an assessment and design of an institutional framework for sustainable financing of CTICFF programs. The document of the study³ was made available to workshop participants, it is a recommended good read, and the main challenges to address were summarized to include:

- Weakness in planning,
- Lack of management structure to coordinate funding, monitoring & evaluation,

³ Lufkin, J. 2015. TA-7813 REG: Coastal and Marine Resources Management in the Coral Triangle - Southeast Asia International Investment Strategy and Project Development Consultancy (44113-012) (Co-financed by the Global Environment Facility and the Government of Australia) Towards a Comprehensive Financial Architecture for the Coral Triangle Initiative. 2014. Assessment and Design of an Institutional Framework for Sustainable Financing of CTI-CFF Programs. Final report 116 pp.

- Lack of clear conservation targets on which to base 'bankable' projects,
- Lack of clarity on financial benefits of investment in CTI,
- Lack of information on national funding mechanisms' credibility, reliability, and independence from politics,
- Current subsidies and fiscal incentives shaping commercial use of natural resources,
- Inability of CTI collectively to provide economic justification to support sustained investments,
- Tendency towards short-termism rather than strategic financial planning, and
- Perception by finance and planning ministries of CTI as an environmental program only, with no financial or economic relevance.

The assessment report recommended on an "urgent need to mobilize and channelize resources to achieve the objectives set out in the Regional Plan of Action (RPOA) and action projects incorporated in the National Plans of Action (NPOAs)."

To bring some current context to the points raised in 2015 and to trigger the groups discussion, the lead consultant provided a high level summary of the political, economic, environmental and social context to the CTI-CFF and its goals and referred for more details to a supporting document that was provided in support of RPOA 2.0 development.

Also, a quick summary of the salient points of the Review of the RPOA 1.0 was provided with relevance to its effective implementation several challenges flowing related to insufficient financial resources. These challenges were raised by numerous respondents during the review, particularly in relation to the lack of a sustainable finance mechanism and in relation to ad-hoc requests by the RS to developing partners to chip in for regional activities. The consultant reminded the participants that in one of the supporting documents to the Review of the TPOA 1.0, examples were provided of other initiatives with financial independence and stability due to the establishment of a trust and a mechanism for decisions on disbursements. This structure for the CTI-CFF would support valuable regional processes as well as the flow of finance to NPOAs of different member countries to address their priority needs.

The consultant repeated that one recommendation from the Review of RPOA 1.0 included specifically: *Consideration of trust fund and other potential innovative/sustainable finance mechanisms that may be applicable to the CT context based on experience from elsewhere, e.g., the CCI and CBI, debt for adaptation swap in the Seychelles, 'Green Fees' that link protection with tourism like in Palau etc. this should come with recommendations for necessary supporting institutional revisions as well as a strong clear precise value proposition that was tied to plausible possibility of achievement and/or some very clear past achievements and required some key institutional reforms.*

Combining the information shared, it appears that the importance of the enabling conditions set by the political and administrative leadership in the CT countries is highly relevant when considering options to mobilize financial resources for the goal of the CTI-CFF. Building on the important achievements of the RPOA 1.0, particularly the frameworks established for the CTMPAs, for EAFM, and using the narrative introduced by the CTI-CFF around blue economy and blue growth will be the way forward to gain and retain financial support from in and outside of the CTI region for the RPOA priorities. Regional collaboration through the RPOA has shown to be successful when capacity development is considered and the high value of the CTI resources also continue to provide a high potential for development of a

trust fund seeded from a diverse and innovative number of finance solutions as long as the institution is proven to be effective, governance is strong and the value proposition of the CTI-CFF is clear.

Finally, the consultant reminded the participants on important points made by many participants to the country consultations and to the questionnaire for the development of the RPOA 2.0, that **measurable** impacts can be replicated/magnified with long-term and diverse finance mechanisms and that **evidence** of impacts is important to retain the country contributions and to attract new donors. This requires attention on monitoring and evaluation and the strategic communication of impacts and results.

Some of the questions (Q) raised and discussed (D) in this session included:

Q: Were countries involved in the RPOA 2.0 process? D: Yes, via Questionnaires, and via Country Visits by experts, etc. Priority issues were identified, and are reflected in the draft1 and draft2 of the RPOA 2.0.

Q: Focus of Draft RPOA 2.0 is on communities and climate change, where communication is valuable such as to economic driver such as fisheries. Justify focus on economic drivers. D: that is particularly relevant for an International Development target audience but also for country leadership. The communications strategy developed for the RPOA 2.0 aims at all those as those are important finance agencies/institutions for finance mobilization.

Q: Previously ADB and GoAU had done a Financial Strategy. Will this be revised it, or dropped to make a new one. D: We will get more reflection on that finance strategy from 2015 as much of it is still very relevant but for mobilization of funds for RPOA 2.0, we need to rethink what is a priority as well as what is feasible and what are enabling conditions that the CTI-CFF together can put in place. That's the discussion we are starting with this workshop here. Since the Stock take done by ADB in 2014/2015, there has been a time-lapse where not much has happened. Now there is a new financing landscape, where previously there were no big partners, now there are. Therefore, we can pick up momentum and see where we go. So, we should build on what was considered in 2015 but now activate work to mobilize finance for a clearly focused set of objectives through RPOA 2.0.

Q: The Caribbean Challenge and Micronesia Challenge are mentioned often as successes but they have very specific goals compared to the CTI. Have specific goals been discussed for a finance mobilization strategy? D: those are in process, the RPOA 2.0 draft 2 is in front of stakeholders and the targets are increasingly becoming more 'SMART'.

4.1.2 Session II: Expert Presentations

This session had two experts providing presentations and these were followed by a session on enabling conditions with a quick summary of relevant CTI experience in finance mobilization so far.

Conservation Finance mechanisms

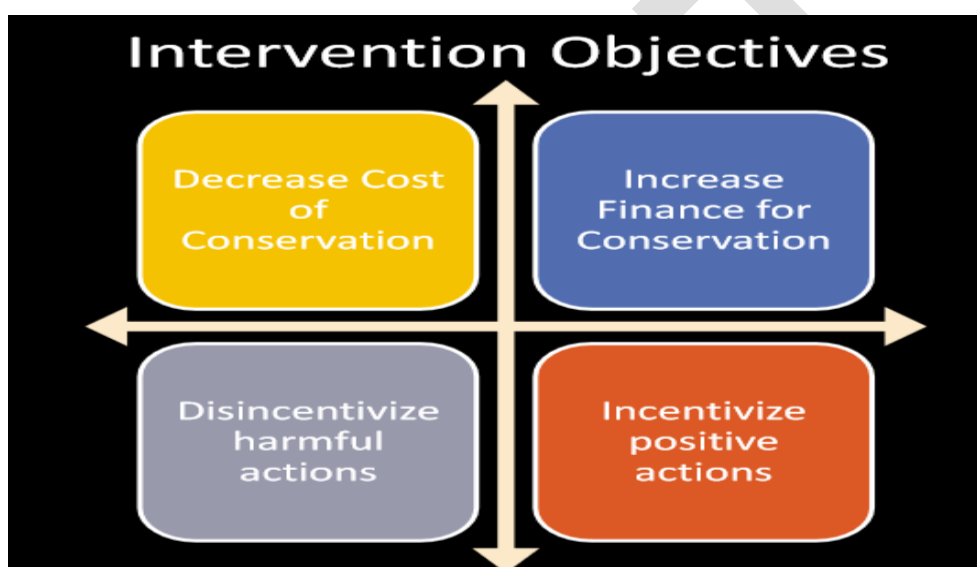
David Meyers is executive Director of the Conservation Finance Alliance⁴. The Conservation Finance Alliance (CFA) is the leading global professional alliance of conservation finance experts, practitioners, and organizations. The CFA's mission is to promote awareness, expertise, and innovation in conservation finance globally. Conservation finance is defined as the practice of raising and managing capital and using financial and economic incentives to support sustainable biodiversity management. Conservation finance instruments and solutions seek to leverage and effectively manage economic

⁴ <https://www.conservationfinancealliance.org/>

incentives, policies, and capital to achieve the long-term wellbeing of nature and the services nature provides to society. The CFA considers these solutions to be necessary elements of successful conservation and sustainable management of nature. Without adequate understanding and effective use of the conservation finance “toolkit”, nature conservation cannot compete with the relentless expansion of unsustainable economic activities.

David presented an overview of coral reef conservation finance tools. He provided a general introduction to Conservation Finance [*Conservation finance can be defined as the practice of generating, managing and deploying financial capital and economic incentives to support the sustainable management of nature*] and the importance of Business Planning, listed Finance Tools for Coral Reefs and shared some examples and important conclusions regarding lessons learned with relevance for the CTI.

Figure 2 Schematic drawing of different objectives for finance related interventions.



David provided the group with a taxonomy of finance solutions including: Loans and other Debt; Business Financing/Equity Investments; Regulatory, Fines and Penalties; Fiscal, Taxes and Subsidies; Grants and other Donations; Markets, Supply Chains and Tradable Permits; Risk Management; Fees and Charges; Conservation Businesses; Mitigation, Compensation and Offsets; Environmental Funds; and Management Effectiveness.

He spent significant time on discussing the importance of business planning. Business Plans can be developed at site level, or at regional level e.g. at CTI level. At the core is a Financial Plan, encompassed by a Business Plan, and further encompassed by a Management Plan. Then he gave a list of finance tools, ranging from Easy to Moderate to very Challenging to develop/apply. For example, he described how working on Biodiversity offset is very complicated but the results can be significant. Residual impacts for example of infrastructure projects can be addressed via Biodiversity Offsets, ex situ (off site), and usually covers a larger area in order to have a no net loss, or even better, net positive impacts. This is in accordance with IMF Performance Level 6, similar to Equator Bank. While the approach is common it is however not well used. For these and other options, the Return on Investment must be considered, but – especially in the case of offsets-, the impacts (small or big) must be compatible with the conservation mission. He gave further examples to some of the tools.

Material shared through the workshop link is recommended for further reading of examples.

Some of the questions (Q) raised and discussed (D) by the group in this session included:

Q: Are there any examples of Blue Finance in Asia? And how to utilize internet (as Millennials are into online methods), and startups such as Grab to fund conservation projects? D: PH and ID may have some Blue Finance projects, for example in Aceh (ID) but we should look up the specifics. BF is usually done in a consortium approach to reduce impacts of disasters. Crowd funding using social media to drive donations is commonly used for nature conservation as well but the amount of funding raised is often not very high compared to the effort that is required to generate it. For debt and equity investments one must consider several differences related to regulatory variance between countries. Usually we encourage endowments with innovative impact investing. Often these are not easy, they may encompass high risk, and require specialized partners, but these provide increasingly great opportunities and examples now exist that one can take a look at and learn from.

Q: Disciplined economic and financial management also goes towards better results. Are there good examples of where discipline and accountability results in reduced costs for reconstruction and rehabilitation? D: There is always high opportunity to improve efficiency particularly in for example the infrastructure sector. In fact, addressing the list of Threats can be most cost effective when avoiding destruction and for example reduce or redirect the money spend on activities that cause deforestation to the opposite. You can take a look at the material to check Finance mechanisms that address threats particularly. It is important to keep that in mind. Good policy and good governance also reduce the need to raise finance resources for rehabilitation or protection.

Q: the CTI as a whole, how important is it to have a good balance in the architecture needed for a finance mechanism? D: it is very important to be able to match sources of funding and to consider the duration of grants, the urgency of the threat, and the requirements for punctual financing for specific issues/project activities. In general, for a situation such as the CTI, there would be separate funds for operations that are not depending on Projects funding. The great value in the CTI therefore is the member contributions.

Q: the operations are funded by Country contributions but indeed Projects/Programs need the external funding. D: we will look at this through the coming days. Will country contributions alone be sufficient to source the operations of the CTI? Also, are these secure? Do the country leads underwrite the value of the CTI or do we still need to make the case and show the value proposition? What are the core needs of the basic operations? CT6 has country contributions and it is important to show it is country-led, not DVP-led.

Relevance of the CTI-CFF for funders and finance institutions with an introduction of the new ADB initiative 'ADB Action Plan for Healthy Oceans and Sustainable Blue Economies'

Arunkumar Abraham is ADB/GEF Senior Environment Specialist (Consultant) at the Safeguards Division, Sustainable Development & Climate Change Department of the Asian Development Bank.

Arun introduced the background and some specifics on the new ADB Action Plan (2019-2024): the *OCEAN FINANCE INITIATIVE* with a target of a. 5 billion USD (or ca. 1 billion per year), which was launched in May 2019 in Fiji. The background for the focus on oceans was that clearly with marine debris hitting so much media attention, a tipping point for the oceans has been reached. The ADB commits to do more in investments and technical assistance in Ocean, and in Blue economy. The leadership has more understanding of the importance of Food security in connection to coral reefs, and fisheries decline, which goes beyond the biodiversity value. The initiative builds on calculations of

investments made previously. From 2016-2018: 2 billion USD in 3 years towards fisheries-related and tourism-related livelihood enterprises focused.

Like in ASEAN Fund, projects are bankable under Blue Finance standards, including Blue Finance Principles (14). S Korea made a 350 mil USD commitment for SEA. It is recognized that regional cooperation is needed in policy, high level and digital technology (e.g. AliBaba), and to engage women and youths etc. CTI is seen to lean towards sovereign interests but transboundary action is needed which continues to be challenging. There is already regional and technical assistance in SEA for addressing plastics and perhaps a wider program could focus around those places where such infrastructure is being planned.

Figure 3 Slide introducing focus areas of the ADB Oceans Finance Initiative.



Some of the questions (Q) raised and discussed (D) by the group in this session included:

Q: to increase the % of funding made available through loans and grants to the ocean realm and coastal and marine economic activities, if this has been so historically low, how can this be increased? D: ADB has an Environment thematic group, where initiatives are discussed. In the recent past, there were few specialists for the ocean and related economies as the bank's investment/loan focus was more on infrastructure so Technical Assistance grants and expertise was also mostly related to infrastructure. Longer ago, the bank used to have Forestry Experts, Fisheries Experts, etc. but more recently the ADB likes to work through partnerships to bring in expertise around the conservation and environmental issues and the partnership with WWF is a good example of such strong expertise-oriented partnership. In order to gain more attention to the ocean we worked to socialize the idea within ADB and get the message to the Leadership on the economic relevance of engaging on oceans. The work is oriented towards Natural Capital Management and that is an avenue. Previously there was only 20-30% going

to Nat Capital mgmt. related projects. Now, driven by ADB President, there is more uptake. ADB is usually risk-averse and hence fisheries were avoided but the new ocean initiative provides important options. It is important to note that it will remain challenging as ADB is a large institution. Focus normally on loans and when those can be designed for example in the marine debris sector then an initiative/program can look at grants and Technical Assistance to assist civil societies related to their role in reducing marine debris. It is important to always remember that ADB is consultative, and country-driven so priority activities identified by country leadership and in the Ministry of Finance will always gain attention. The ADB works with counterparts in Ministry of Finance. Ministry of Conservation/Environment/Fisheries has no line of \$ to pay loans. For the CTI, the work sits mostly with the Ministry of Conservation/Environment/Fisheries and not in Ministry of Finance so it must have strong link to country leadership. It will be important to work on continuous messaging, in order to raise the interest and high-level support. Basically, the CTI can consider how a consorted regional effort to facilitate a country-by-country-approach to set priorities related to the CTI goals could result in a program supporting commercial investments in the future.

Q: Is there not a way to work through loan guarantees with other entities and thus mobilize grants for TA? How is the i.e. Ocean Finance Initiative funded? D: Yes, that is standard, common. Green Bond – distributed to all pipeline projects. But every pipeline project is complicated and mostly depends on negotiation between Ministry of Finance with ADB.

Q: ADB was quite important as supporter with Technical Assistance programs for CTI in the past. What is next after the 2 Tech Assistance to the CT3 Pacific end? D: There are no specific Tech Assistance planned but some would like to. RETA was initiated in 2008/9 and it has been more than a decade, it had good reception also in the bank at the time. But due to turnover of staff, expertise is draining. The context of this meeting, is important to communicate back to the ADB. The ADB welcomes the new direction with strong RS capacity and like to gain clarity on where ADB will play a role. The RPOA 2.0 was suggested to help accelerate engagement of the private sector. Private sector can really mobilize Transformational change by doing things right so that the need for protection and restoration reduces. Who can bring this forward? The RPOA 2.0 agenda should be clear and relevant for the role of the Private Sector and the communications strategy should gain priority in order to help sell the value proposition. CTI comms can give tools, messages, opportunities to show Leadership and motivate a package and program for the ADB Ocean Initiative.

Q: if all is to be Country-driven and goes beyond tech assistance, what are the transboundary opportunities to tap into or to facilitate for the countries for which the work would be a lot of process beyond national level. That would be the opportunity to add value as the CTI. What are the time lines? D: the Ocean Finance Initiative = Guarantees, Loans, Grants, etc, all possible but a regional project is challenging. There are also Intra-dept challenges too related to the geography, the ADB uses different country groupings for their regions. But ADB has Regional Cooperation Fund and co-Finance, hence enables work across different countries and different regions. Regional Integration Strategy—the time is fresh for this. Time lines depends on countries, depts., but a minimum is a 3-year Plan. Pipeline and placeholders and you must work with ADB Country Officers.

Q: CTI is labelled as Conservation and ADB deals with the Ministries of Finance. How to deal with Ministries of Conservation or Fisheries? D: Support to the ministry on economics and fisheries, Tech Assistance. Fisheries is risky, hence DE-RISKING is key. Work with countries on opportunities to de-risk.

Facilitated discussion on Enabling conditions for finance mobilization and Sustainable Finance and the CTI-CFF: some history

The lead consultant introduced the thinking on enabling conditions and repeated one of the main recommendations from RPOA 1.0: the urgent need to mobilize and develop resources to achieve objective in RPOA and activities/projects in NPOAs. What can the CTI do towards mobilizing and developing resources in the near future? What is there already as foundation to build on and accelerate. Are there concerns related to perceptions of “Cost effectiveness and efficiency” of the CTI-CFF, is it clear what CTI-CFF is ‘selling’. How significant are the Country investments, what finance mechanisms would be legally supported with national legislation that underpins it? How does one know that by implementing budget, you can achieve RPOA goals – what are the institutional mechanisms and checks and balances in order to have good fiduciary governance and an option to track impact of the “investments” Rate Of Return (ROR). How much can be achieved when investing in capacity building of people and communities to carry on the work and take on the long-term steward roles. What are enabling conditions to achieve that?

Laura Whitford is Director of Marine Strategies and Partnerships Asia Pacific for The Nature Conservancy. TNC has Country programs for 25+ years in: Papua New Guinea, Solomon Islands and Indonesia. Also, since 2009, TNC has a Regional program for: Support to launch of CTI Institution, participation and support to Technical Working Groups e.g. CTMPAS and the Women Leaders’ Forum, as well as to lead facilitate support for the development of Sustainable Finance.

TNC and the RS implemented a Roadshow to engage European donors in 2014 and 2015. It was initiated by TNC and focused on regional sustainable finance. The 2015 roadshow also involved then Executive Director. The Donors visited included government agencies in Germany, France, Netherlands, Norway, UK as well as Multilateral organizations including FAO, EU, and a Development bank – KfW.

Figure 4 One of the expert presenters.

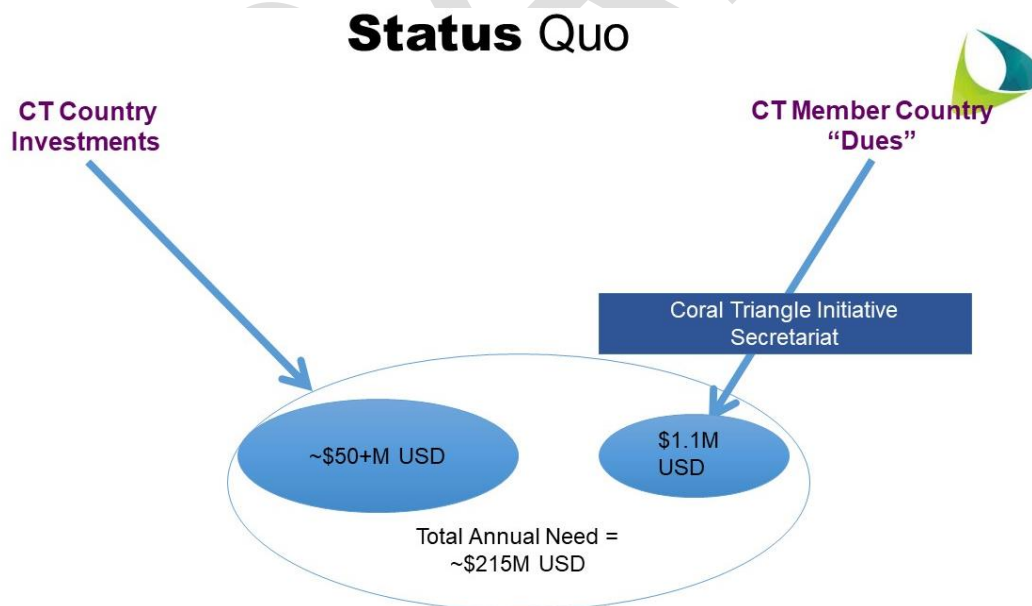


In support of making the case for the CTI-CFF at the time there were two Regional Ocean Challenge Models considered: Micronesia Challenge (55M Trust Fund and 18 M capital), and the Caribbean Challenge (45 M TF). The Micronesia Challenge had the goal of 30% of nearshore marine protected by 2020. This includes 5 jurisdictions (3 countries, 2 US territories). It is a \$55M trust to supplement local sources with an Initial capital of \$18M. The Caribbean Challenge had the goal of 20% of nearshore marine protected by 2020. This includes 8 countries. It is a \$42M trust fund for regional and national priorities with payouts matched with minimum 1:1 local funding, including tourism taxes, subnational trusts, debt for adaptation swaps (Jamaica, St Kitts, Grenada, DR) (see also Appendix A1).

Using those case examples, the pitch during the roadshow was: “In order to encourage new investments and policy reforms, the international community should establish a \$350M CTI Partnership “Challenge” mechanism” (Figure 5 and Figure 6). Outcomes eligible for funding (draft) would include:

- Matching funding for National Plan of Action Commitments, through new national budget commitments or funding mechanisms for fisheries, climate adaptation, and conservation.
- Regional Plan of Action implementation (species protection agreements, Tuna, Sharks, Cetaceans, Live Reef Fish trade) through technical working groups, engaging NGO, government, and private sector community.
- Institution building for CTI to augment capacity of secretariat, ensure buy-in of member governments.

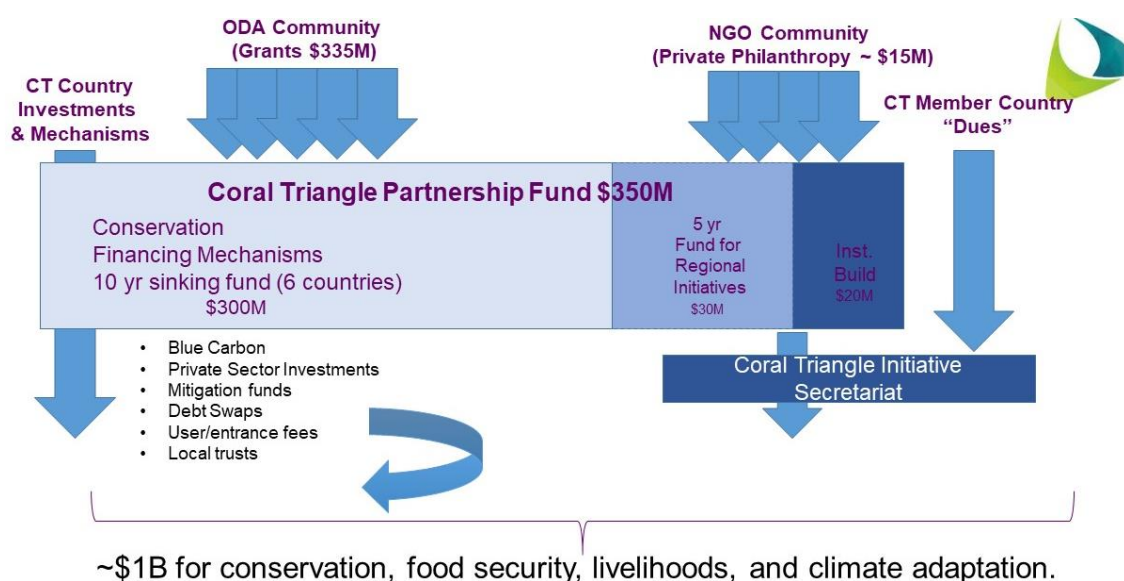
Figure 5 Schematic of the status Quo of finance resources without the CTI partnership Challenge.



*figures based on 2014 ADB study

To progress the work done already, TNC had identified the following next steps: i) Further detailed costing exercises in other CT countries; ii) Develop national conservation trusts, iii) Collaboration under ADB GEF6 proposal, iv) Paris COP = explore potential with Green Climate fund and other relevant stakeholders, v) Strategic expansion of secretariat capacity, and vi) Leaders’ summit.

Figure 6 Schematic of CTI partnership Challenge.



The group briefly discussed that a leader's summit appears strategic in relation to what has already been thought of above, but it must be well prepared. Governments are not keen on loans, but private sector – at a minimum scale – is. The CTI is complex in many aspects. Experts considered that looking at the history of work done on finance mobilization for the CTI so far, any model like discussed in this sector needs to take into account the following:

- Need for leadership, vision to inspire confidence in donors, in CT6, in Secretariat, in CTI;
- Need for political will that is clearly evident; and
- Need to ensure alignment between RPOA 2.0, and donors and country priorities.

Some of the questions (Q) raised and discussed (D) by the group in this session included:

Q: The GEF is in its 7th cycle now. The GEF have historically invested >70 mil USD in CTI but don't fund directly to Secretariat. What can we do in 2019 to prepare well for the Leaders' Summit in order to have a sustainable finance solution for the CTI? How recognized is CTI in own governments? D: NCC PNG: Conservation plays an important role. In PNG, we use CTI as a platform to get other targets of CBD, SDGs, etc. Common strategy: different messages to Govt ministries. NCC ID: CTI is important. Indonesia invested a lot, building the RS, country contributions from govt budget as we are the area like Amazon of the Seas.

D: To increase revenue, political will is important, change is national, etc. Next year is Summit, to gain momentum, to convince countries.... Maybe interest waned. Therefore, launch of RPOA 2.0 can be used to re-create the buzzzz. Similar with the appointment of a new ED. More need to happen before the Summit. Launching the RPOA 2.0 is not the end of it. What must be done to illustrate the political will and work to have a great workplan with some new resources committed by the time of a Leaders' Summit.

4.1.3 Session III: Introduction of Framework for Design of The Cases

In preparation of the workshop, some cases were prepared following a structured framework (see Figure 7 and Appendix A2). This aimed at bringing participants to the discussion table. Cases brought forward are not offered for approval in this workshop, but can help provide examples of how projects could be designed in a systematic way for consideration on how – if funded - they support progress towards the CTI-CFF objectives.

Two of the presentations (case 1 and 2) were designed as cases and two of the presentations (case 3 and 4) shared further information on possible finance tools and -mechanisms with relevance to the CTI-CFF. After the presentation and Q&A session, the participants were split into 4 groups and each of the presenter discussed the case in more detail with each of the groups for 15 minutes. Notes from those break out discussions are provided below.

Figure 7 Summary of Case Framework

Case framework



- **Challenge:** What is the problem that needs solving? What will happen if we don't address it? What geography does it affect?
- **Opportunity:** What can we do about the problem? How does that help? How do we know it will work? Who will benefit and how are benefits to be realized? How would this work specifically support the goals of the CTI and strengthen against impacts of climate change (resilience, adaptation)
- **Implementation arrangements:** who would do the work? what partnerships or institutional mechanisms and why they are suitable? what are any existing government structures/policies/initiatives with which this work could align? are there risks (e.g. environmental, social, governance) to the approach, if so, how can they be mitigated?
- **Financial considerations:** What will it cost to implement [options describing full package versus some parts delivered]? What are costs and returns from new on-ground arrangements – e.g. Predicted recurrent costs of new management arrangements or policy commitments (such as MPA, planning approaches); Does it support potential revenue generation or cost savings from new management arrangements; Do you have ideas about a financial structure/model that might be developed to maintain the work?

Breakout session:

- **Was the case clear? Do you like it, what do or don't you like about it? Why?**

4.1.4 Session IV: 4 Potential Cases and Session V: Break Out – Discuss 4 Cases in a Marketplace Setting

CASE 1: Securing reef-related livelihoods and seafood in a changing climate (presented by Nicole Coombe and prepared by Prof. Pete Mumby)

The case presented centers around the goal for the CTI to deliver better and to avoid expenses in the future rising from loss of productivity and biodiversity. The case is a summary presentation of a proposal that Dr Mumby has already shared with CTI stakeholders during the past year, including during the workshop in Manado. A full description of the case is available through the link to workshop materials. The proposal meets principles of RPOA 2.0 and builds particularly on achievements from RPOA 1.0 e.g. CTMPAS and Seascapes. The core of the case it to progress to extend the work on CTMPAs ultimately to improve connectivity of adults and larval of fish and corals which will be critical to ensure the intended benefits of MPA strategies to materialize.

Considering the ROI of this work there are two considerations that the work will address:

- Climate change impacts varies spatial and temporal;
- Connectivity of marine resources amongst reefs (corals);
- The actions were briefly listed and the components for working within the CTI-CFF institutional framework were also explained including engagement of three “new” and existing working groups (Fish replenishment, Transboundary Planning WG, CCA WG) and a Project Management Unit (PMU), which reports to a Board, is independent and another level of representation in the CTI. Outputs would be very useful for all CT members and allow for rapid initiation of similar work in all of the three priority Seascapes (SSSE, BSSME, LSS). The total budget needs are USD6.5 million for 5 years (1.3 mil/yr), with outputs of Guideline of Coral Bleaching, Evaluation of MPA Effectiveness.

Some of the questions (Q) raised and discussed (D) by the group in this session included:

Q: are other financing platforms considered than the GEF? D: The opportunity is to work together on the project and increase ROI together doing the work to be able to initiate this project and get it active on the ground. These case studies are just exercise, as a protocol of due diligence of CT6 countries. Pipeline projects such as those proposed to the GEF international waters must go through SOM and get consensus. For example, for this proposal Prof Mumby has to get NCC ID on board. The SSSE EAFM Sub Regional Plan is the framework and NCC MAL and NCC PH are on board already. This is possibly related to the situation where the GEF Regional Strategic Plan of 2013 was not signed by ID. This is an example of the need for countries to think ahead and get on same page, otherwise, we cannot put it forward. In general, these cases are a way to test options for a financing strategy and see what opportunities could be developed. But while these case studies are not requesting endorsement at this stage by this workshop audience, the exercise can show how to work through engaging experts for valuable inputs and identification of pathways for follow up on the case. These case studies are to stimulate ideas. So other ideas can also arise.

Q: What problems need solving? E.g. CTMPA networks. We need to think how to find resources to apply tools developed under CTI for improved management and delivery by MPAs of the foundations to diversity, and sustainable fisheries. D: The case frames a structured approach to mobilization of resources for the MPA strategy, considering that MPAs continue to be an important tool to achieve CTI objectives, but that there is not enough funding for full implementation, etc. The need is for matchmaking of CTI needs with the development of a good Financial mechanism. The role of the finance strategy and the group or individuals mandated to implement is, it to connect financial mechanisms to projects. If it is under the umbrella of the CTI it needs to be clear where added value of Regional Cooperation lies. For example, as identified over and over again, two economic values are Fisheries and Ecotourism: but what are range of financial tools to support these? E.g. Fisheries license fees like in Mauritius where some of the fees are put into conservation. E.g. Ecotourism can drive diverse financial solutions.

The breakout group notes indicate that there were a range of thoughts on this case, ranging from the pragmatic to the ambitious.

One reflection was that because the proposal required engagement across multiple CTI themes (seascapes, MPAs, climate change), across multiple government portfolios, across multiple layers of governance and then across national systems, that it was possibly too tricky to achieve. The group facilitator noted that the administrative model which included three working groups, supported by a PMU

and reporting to a board recognized the complexity in coordination that this proposal demanded. And that given the working groups were actually going to be required to deliver clearly defined bodies of work (and would be resources to do so) that this would transform the way working groups have behaved to date (as largely un-resourced networking fora rather than drivers of change).

Another was that the BSSE should be prioritized as focus of this proposal while another was that the shark/ray proposal and WWFs experience could be rolled into one.

Another reflection was that the fish replenishment zones could be areas that had more intervention rather than just protection of natural functions. Specifically, these could be areas where fish larvae were removed and then grown to a more robust size before being reintroduced. ADB had funded such work in the past and would look at this type of proposal favorably.

In relation to the challenge of what sustainable funding would this proposal attract, I reflected that this proposal was about helping governments use their existing budgets better rather than necessarily needing ongoing funding sources. Nonetheless, the evidence of the return to fishers that the protected area management would yield could form basis for other sector contribution to ongoing management.

One other proposition was if this was the only thing that CTI worked on as a regional activity, would it be a good thing? Would it be a sufficient effort? Would its success be a sufficient demonstration of the value of the CTI? Would it be a sufficiently ambitious goal that would actually attract funding and government support through its focus on. Linate change and good security?

CASE 2: Case on Sharks and Rays (Presented by WCS - Liz Matthews and Hollie Booth)

The case presented listed the importance and relevance of a project on Sharks and Rays for people and ecosystems and the challenges to sustaining their populations in the CT region. All goals of the RPOA 1.0 are considered relevant for these targets. A Multifaceted approach to enhance their status is described with actions at local, national and international levels and at a proposed budget of 6 mil USD for 5 years (ca. 1.2 mil per yr).

Some of the questions (Q) raised and discussed (D) by the group in this session included:

Q: For a PMU with multi functions in such project, would it be overseeing M&E also? Who would Develop and test innovative financial mechanisms to support the research and further MPA network creation? D: it would be good to look at existing platforms to finance these matters E.g. Fiji, dive operators, New Ireland. Fees payment for dive tourism, levy per tourist.

The breakout group notes indicate that several participants found it a very ambitious program of work. It was questioned whether \$6 million is enough for all 6 countries, and whether you can accomplish everything outlined in only 5 years? The idea is to share across the region, so this funding would not necessarily be for specific in-country activities, but to support those things that can be shared - such as trainings, data collection, sharing of experiences, policy development, transboundary wildlife trade.

There were some discussions on the threatened species groups and the TWG, in general:

- what about the other priority species groups - are sharks the priority for the CTI (and/or for the CTI countries), and will we need to have similar (or more) money for each group? this seems to be a direction the CTI is currently taking with the focus on developing RPOAs for each group separately;

- the TWG is “young,” and hasn’t made much progress yet - so perhaps it’s an indication that direct threatened species conservation actions should be incorporated into the other themes (MPAs, fisheries, etc.), rather than having a separate TWG. But if so, then there needs to be explicit activities for the threatened species because there are still some issues that will fall off (especially issues of transboundary trade, illegal fishing etc.).

On revenue generating options it was briefly considered whether this would work through fishing licenses? Or dive tourism?

Participants shared some information on existing efforts:

- Some countries are further along working on these species than others in the region;
- On data collection for sharks, rays, other species - especially in Malaysia, Indonesia and Philippines through SEAFDEC.
- A reconfiguration of a GEF funded project on sharks and rays in the Lesser Sunda Seascape (especially Bali and NTB) is now being led by BAPPANAS in Indonesia. There will be an RFP for the implementation of this work.
- The groups also considered what kinds of actions could be worked on regional/cross-boundary that address threatened species.
- Maybe on data sharing, but the countries are hesitant otherwise, through there have been regional turtle projects) such as leatherbacks which is a species that connects across the countries of the Bismarck-Solomon Seascape
- Perhaps the CTI SOM could develop common position statements on some issues to bring to other international bodies

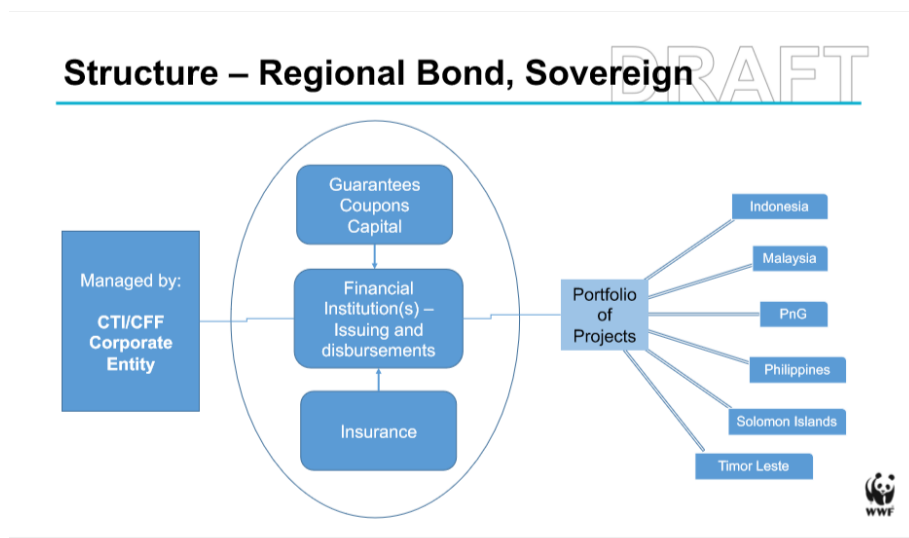
CASE 3: Financing the Ecosystems Approach to Fisheries Management (presented by WWF – Susan Roxas)

The case presented is an example from PH experience in implementing EAFM. The approach taken reflects a shift from ESG for Risk management to restore natural capital (build resilience) and to de-risking of the Fisheries sector. The case example focus is on supporting effective implementation and scaling up and rolling out of the successes that have been achieved at small scales in some of the geographies in the Philippines as part of their National Tuna Management plan.

It allows to build further on using markets drivers and aims to reduce post-harvest losses. To contribute to the commitments of the CTI, the project must work in nexus of Fisheries, Food Security, Economic Growth Community Resilience and it does. By operationalizing the EAFM approach to tuna fisheries, and mobilizing different sources of finance for transformation of fisheries practices, it can help create models to solve broader challenges related to: weak regulatory, data paucity, IUU and overfishing (EU yellow cards helped improve performance on compliance already).

The key component is that the approach focusses on value-adding rather than fishing restrictions. That focus is strategic as enabling condition and increases livelihoods more directly and immediately. It also helps to achieve international seafood quality and food safety standards which can help with an increased ROI for sustainable funding. Public Private Partnerships are most important in this approach.

Figure 8 Schematic of a possible Regional Bond.



The blended finance aspect of this approach is that Bond funds can be mobilized for Fisheries Management Areas under an FMA framework of governance. This includes the potential to work with Bonds, ESG, Sustainable loans, or create a Hybrid model. Something that must be looked at also with relevance to the CTI is Resilience bonds: as build resilience, rebates can finance projects. The work ahead would be to Co-sponsor an action plan with government and commercial partners.

Some of the questions (Q) raised and discussed (D) by the group in this session included:

Q: Projected over 5 years: what could be guaranteed, what do we need? Fisheries Management Areas are undergoing profiling. BIFAR in PH is doing investments. Would investments be needed for each FMA? How FMA would link? How to Marshall IRA reviewers as a Guarantee? D: the IRA is given for each municipal. They could be part of a guarantee. Enabling conditions are important for thee at the municipal for local government level. This calls for further empowerment of communities to become stewards of their areas.

The notes from the breakout groups provide some further relevant information shared by participants:

PNG is implementing the same approach under their MPA strategy. They identify fisheries areas in the MPA, the markets for the fisheries. Discussed the resilience bonds tied to insurance products. Revenues are generated by fisheries that are sold straight to markets, not going through middlemen. Also discussed revenues from vessel day sales, a big revenue source for PNG. So, maintaining the nurseries for YFT is critical so is there a chance for payment for ecosystem services for the countries, i.e. Philippines and Indonesia, Malaysia to protect nursery grounds in the Sulu Sulawesi? PNG says they are already protecting their nurseries. This needs further study as they may mean skip jack and not YFT.

Figure 9 Participants considering case framework and content presented.



The participants also needed some more explanation for some of the concepts, definition of bonds, resilience bonds, etc.

The break out groups commented on the complexity of what needed funding in the FMA approach. Discussed real-life roll out initiated by a handline tuna fisheries improvement program, about 6,000 fishers involved, underwent community organization, capacity building, work plan covering 3 MSC principles – stock health, ecosystem impacts of fishing, governance. Now in its final assessment for MSC certification, governments local and national were influenced by the success – now want to build post-harvest facilities to maintain value added services in their municipalities and capture the value of improvement and increased resilience of the fisheries. Need to explain FIPs and AIPs in more detail. Integrated approach in an FMA can be sequenced, and funding mechanisms applied as needed, not everything at the same time. The FIP roll out happened organically, with the readiness of the communities.

The groups also discussed some other funding sources not mentioned, i.e. micro-financing for small scale handline fishers via smart contracts on block chain, linking SSF n the FIP to financial institutions, re-engineering supply chains for more equitable distribution of fisheries benefits along the supply chain. Discussed certification value and potential for a CTI certification scheme.

CASE 4: *National trust funds and sustainable financing options for capitalizing them (presented by TNC – Laura Whitford and colleagues)*

The case introduced a description of National Conservation Trust Fund (NCTFs):

- Raise, manage, and mobilize funds for conservation, climate change adaptation, and other environmental issues.
- Legally independent of government, managed by a mixed public-private board of directors.
- Grant-making entities, not project implementors.
- Grants are based on an open, transparent process, according to established criteria and goals.
- Not a replacement for regular government budget funding, but an additional source.

NCTFs can do the following:

- Address funding gaps for biodiversity conservation & management;
- Provide a platform for cross-sector dialogue and collaboration on environmental challenges and solutions;
- Strengthen processes for project development, approval & delivery;
- Increase accountability in fund management & project execution;
- Ability to react flexibly to a country's emerging threats from climate change and other environmental factors;
- Encourage funding from international investors and grant-making entities;
- Exempt from taxes or subject to lower taxes.

This was then linked to consider Key Steps in a Debt Conversion Transaction for a potential CTI case

1. Country government commits to participating in a debt conversion, and to the complimentary conservation objectives, through Cabinet decree;
2. TNC sources funding for the deal (low-cost impact capital, grants);
3. A local in-country CTF is established and capitalized;
4. CTF purchases a portion of the country's existing debt from willing creditor at a discounted rate;
5. CTF refinances debt at more favorable terms (lower interest rate, extended maturity) in exchange for conservation commitments;
6. The country pays off the refinanced debt over a 20-year term;
7. The CTF repays investment bank;
8. Remaining funds are directed towards ongoing conservation efforts and capitalizes an endowment to fund conservation into perpetuity.

The Barbados Conversion example was shared which provides benefits to the Government by redirecting loan payments to the local economy: upwards of US\$55.2 M (over 20 years) with two thirds payable in local currency. The Debt Relief is \$22 M on interest not paid (post restructuring). It has a reduced interest rate of debt to 6.5% (TBC). This debt conversion will serve as match to Caribbean Biodiversity Fund (estimated at resulting in US\$190K/year). Government & nonprofit entities are eligible to apply for funding from the Trust entity and to support implementation of the Marine Spatial Plan which was completed for entire the EEZ.

Figure 10 Expert presenting content.



Also, a summary of the Seychelles Debt Conversion & Commitments example was shared. This deal created a permanent funding source for local conservation & climate change adaptation through \$22 M of sovereign debt restructuring, via the Paris Club. It blends grants & impact capital to purchase & restructure foreign debt into a domestic obligation to invest in conservation & adaptation. The deal results in upwards of \$8 M to fund activities (over 20 years) and \$6.6 M endowment capitalized for conservation. Specifically, to help implement the Government's Conservation/Policy Commitments which are:

- 30% of waters in protected areas (400,000 Sq. Km), and
- 15% of waters in no take fish replenishment zones (200,000 Sq. Km).

In parallel to this deal, the government adopted recently the completed Marine Spatial Plan to guide updating of Coastal zone management/fisheries/marine policies.

Enabling Factors for Debt Conversions were listed to include:

- Eligible Debt: Bilateral or commercial, Non-concessionary and/or discounted;
- Willing seller and Country Buy-in: Willingness to participate;
- Conservation/ Policy Commitments finalized via Cabinet Endorsement;
- Financing in place: Grant and/or loan capital and Credit enhancement – Political Risk Insurance or Loan Guarantee.

Necessary factors are to have the CTF created and operationalized and related legal agreements finalized.

Some of the questions (Q) raised and discussed (D) by the group in this session included:

Q: How important is the differential of the different interest rates? D: that is a matter of negotiations. The situation currently is that many debts were discounted already.

Q: Any way to manage risk? D: It is critical to consider risk investments and take Risk insurance against defaulting. So, the consideration during the design must include aspects of valuing Guarantee vs non-Guarantee. The examples shared of Barbados and Seychelles Debt conversions had country buy-in via Ministry of Finance (debt savings). Debt conversion is the same as debt swap.

Q: where does revenue come from to repay? D: this can come from bond partnerships, fisheries revenue generating, ecotourism too. It is important to identify which areas would be best investments and work near where effective MPAs are to minimize risks. It is also critical to ensure high trust for Impact Investors.

The breakout group notes cover the following main themes:

There was interest in learning more about regional CTFs, the enabling factors that support them, and the time it takes to establish them.

There was an understanding the political will is necessary, and the getting the Ministry of Finance to the table could be beneficial for prioritizing conservation.

There was an emphasis on the need for local ownership over CTFs, and the ability to set objectives in multi-stakeholder forums (as opposed to matching conservation goals to grant guidelines).

There was an understanding that there is an opportunity for the entire region to implement a combination of sustainable finance mechanisms, even in places where a debt conversion is not currently feasible.

There was a discussion on the possibility of using grants to develop new finance mechanisms that can provide long-term sustainable funding, as opposed to using grant funding for limited term projects and relying on grants for future conservation opportunities.

4.1.5 Session VI: Report back and ‘Feel the pulse’ – reflect back on “enabling conditions discussion”

Most participants expressed they already learned a lot, they are excited to think about how to use that knowledge, some feel overwhelmed, and all are looking forward to the next day session. It was acknowledged that the expertise brought to this meeting was very good and that it was important to share learning and information with the other members to the NCCs. It was stated that this is a brainstorming opportunity, there are no decisions made, this is not the development of a full fledged finance strategy. It was requested to explain the meaning of Blended Finance during the second day.

4.2 DAY 2 – DRAFT DESIGN OF FINANCE STRATEGY

4.2.1 Day 1 Recap

Dr. Hendra Siry provided a brief summary of the work covered during the first day.

Figure 11 Workshop participants considering content shared.



4.2.2 Session VII⁵: Introducing key components of the finance mobilization strategy, presentation on regional trust funds and introduction to the workshop exercise

The lead consultant started this session by reminding all that any strategy needs to have a clear goal. The first step in the development of a finance mobilization strategy is to set the goal and to be as specific as possible.

As indicated in the draft document to the RPOA 2.0, there are three budget scenarios to consider when setting the goal for a finance mobilization strategy:

- Scenario 1: This includes basic operations of the Regional Secretariat in support of internal coordination of a limited number of coordination mechanisms such as the Senior Officials Meeting (SOM);
- Scenario 2: This includes Scenario 1 PLUS funds to implement priority external functions such as strategic communications, development of partnerships and monitoring & evaluation (M&E); and
- Scenario 3: This includes Scenario 2 PLUS funds to implement national priority programs in each of the CT6 countries.

A quick draft calculation of the potential scope of the three scenarios was introduced in order to stimulate the thinking of the workshop participants. The numbers were based on the actual expended budget in 2018 (Table 3). Considering that the CT6 country membership are the most “sustainable” source of funding for the CTI-CFF at the moment, it is important to consider that the fees combined are not sufficient to support more than the basic operations of the CTI-CFF and some programs. Therefore, particularly, a trust fund as mechanism to capture finance mobilized

⁵ This session was slightly adjusted from the original agenda to allow for more content sharing specifically on regional trust funds.

from various solutions, would be a good option to consider for the financial needs related to implementing priority regional actions from the RPOA and priority national level actions from the NPOAs that align most directly to the goals of the CTI-CFF. The next session is designed for the group to consider options to mobilize finance to cover scenario 3.

Table 3 Draft budget scenarios (based on 2018 actuals)

Category	I	II	III
RS core operations			
Operating costs	70000	70000	70000
Staffing	550000	550000	550000
Travel& meetings	20000	20000	20000
<i>Subtotal</i>	<i>640000</i>	<i>640000</i>	<i>640000</i>
Program Services			
Institutional meetings (SOM, MM)	80000	80000	80000
M&E	100000	100000	100000
Strategic comms		200000	200000
Partnership and Resource mobilization		500000	500000
<i>Subtotal</i>	<i>180000</i>	<i>880000</i>	<i>880000</i>
RPOA Priority projects			XX
NPOA Priority Projects			YY
Grand total	820000	1520000	1520000+ XX+YY

To stimulate the groups' thinking around approaches that other large multi-country initiatives are taking, Leah Carriere provided insights into the objective and specifics of the Caribbean Biodiversity Fund. The fund is a major initiative of the Caribbean Challenge⁶. It is mainly funded by the German KFW. A summary is provided in Appendix A3.

Some of the main lessons from the CBF that are of relevance to the CTI-CFF, include that the legal foundation to the fund must be well-prepared considering the different jurisdictions, but this example in the Caribbean provides a useful parallel to the CTI as a successful undertaking. The development of such trust fund requires champions from Governments and NGOs and takes at least 2 years to put together. For the donors seeding it, the trust fund must be independent, and benefit from excellent governance and related institutional frameworks. A trust fund must also have the positive attention and support of key leaders and influencers in order to mobilize international donors to source it.

The group discussed some of these aspects as relevant to the CTI-CFF and the Leaders' Summit is considered a key opportunity to share public statements of support. The level of the influencers and leaders that will make statements was discussed and for example the Chair of the COM would be considered an important leader to speak to the importance of a trust fund for CTI. Also, the relevance of engaging finance ministers behind a trust fund will be very important. The example of the Seychelles was shared during this discussion where an NGO sponsored the work to help mobilize the enthusiasm

⁶ One of the supporting documents to the RPOA 1.0 review includes a description of the Caribbean Challenge and other regional initiatives.

and to facilitate the design of the trust fund over a two-year period. It included work to enable a debt swap, which is considered a difficult finance option but it has been a success and can be considered for CTI as well. When the NGO did a global assessment of the countries where such debt swap solution could be considered, for example the Solomon Islands ranked high of the countries in the region.

The group continued to talk about the importance to motivate leaders through the SOM and council of Ministers to realize the value proposition of the CTI and relevance of its targets for economic development, and stability in the region.

Prior to introducing the next session, David Meyers spoke to some definition of ‘blended finance’ and simplified it by suggesting that it basically means a combination of different solutions that support or cover technical assistance and commercial finance support for conservation activities that may be needed at different scales but that all lead to one and the same goal or outcome.

An example of Blended Finance is that: It has different sources, different needs, e.g. from Grants etc. It supports investment in a regional management plan. It could get a few boats out of circulation, replace some fishing gears, mobilize grant funding for training. The Seychelles Bonds were briefly discussed in this context and it bridges private investors in the US with Public funds and supports credit enhancement for small scale enterprises – micro finance. The target is to improve the countries Fisheries. It has certain specifics: clear goals, a specific geography (spatial), select instruments, and a dedicated institution.

As introduction to the next session and exercise, David reminded the group of several aspects of his presentation of day 1. When considering finance options and solutions, it is important to prioritize them, in order to make an effective workplan and task the right experts to start working on developing the finance solutions. For that one must consider to go through a screening process where some criteria or conditions help one end up at the most feasible and worthwhile set of possible solutions. The screening works like a funnel. At the same time, a trust fund or blended approach to finance mobilization will allow to end up with a mix of Financial Solutions and Mechanisms which is important for risk management, where the availability of finances to implement important work to achieve the goal of the CTI-CFF does not depend on one mechanism only.

4.2.3 Session VIII: Exercise on Finance Tools

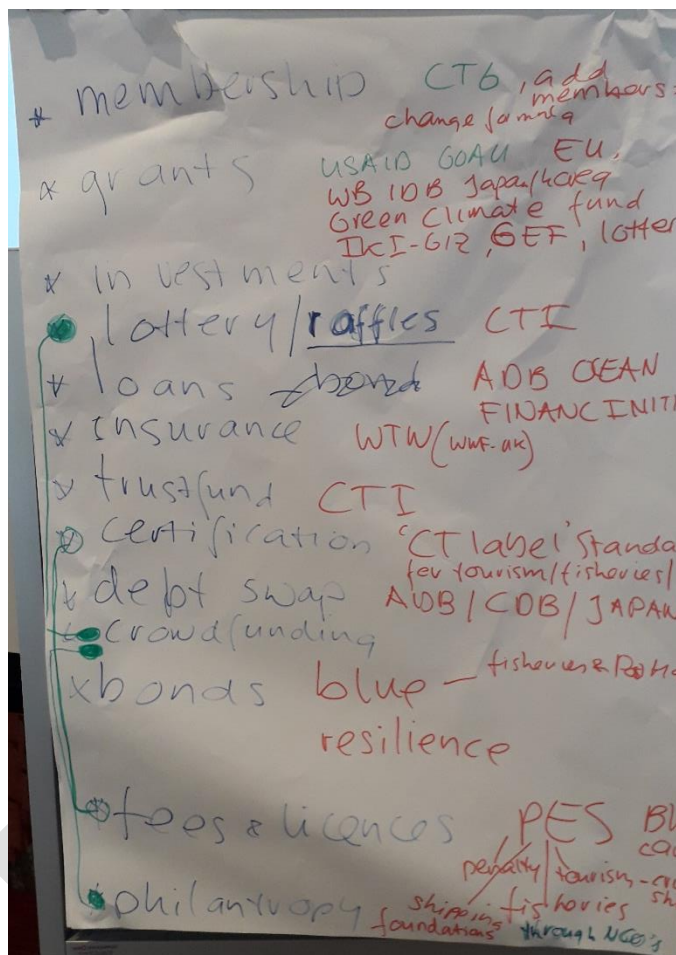
Participants were split into three groups. One group would list all finance tools and options. The two other groups would take 2-3 of the key threats to the targets in the CTI and consider possible finance tools and options to address those threats. Each group would then move to complete a rapid screening of the options and, if time permitted, a detailed screening. After the work, each group presented their work.

Group 1 identification of finance tools and options to mobilize more finance for the CTI-CFF to implement the RPOA 2.0 and priority actions from the NPOAs of the CT6

The group listed finance mobilization options for scenario III and identified what exists already (figure). These included some 11 options, several of which were new, others would expand on existing finance mobilization approaches. The group then identified what CTI would need and created more specific description statements of what the improved status – after mobilizing those finance solutions - would look like. This helped the group in merging some of the options. The remaining options were taken into a rapid screening applying the 3 main question areas and the results from that screening exercise was a ranking. The group took the top 5 ranking statements and applied the detailed screening tool

questions, we managed to finish one for all 20 questions and part of the other 4 for some of the questions.

Figure 12 Part of the notes from group 1 discussion on existing and possible new finance mobilization options.



The merged list included:

- Membership fees: i) improve source of member contributions, more members mean more country contributions, e.g. try attract Brunei, Thailand, Vietnam, Korea, China, etc. AND ii) adjust/increase country contributions.
- Grants and Philanthropy and crowd funding/raffles by creating a stronger value proposition.
- Lotteries/Raffles/CT6 national lotteries - CTI becomes a beneficiary.
- Loans – ADB Ocean Finance Initiative, etc.
- Regional Trust Fund.
- Insurance fund – such as the WTW (to be studied).
- Sustainability fees, licensing – including PES for different sectors such as shipping, tourism and fisheries, Blue Carbon, etc.
- Debt Swap.

- Regional Bonds - Blue bonds, Resilience focus.

Following the rapid ranking of the statement options the following top 6 came out: A stronger value proposition brings EU, WB, IDB, IKI Korea, GCF, GDF, grant funding to CTI; The ADB Oceans Finance Initiative has a CTI-earmarked package or program; A CTI regional trust fund is developed; Sustainability fees and licensing for fisheries, eco-tourism and multiple user sectors supports priority action; Regional CTI bonds raised support regional and national-level revenue-generating for priority projects, in partnership with private sector finance and seafood industry; Charitable foundations (Waitts, Walton, Packard, Pew, Moore) make regional relevant grants to CTI priorities.

Group 2 identification of finance tools and options to address key threats to the CTI objectives

The group focused on a specific geography to discuss options to address a key threat and selected Morotai fishing port. They considered what instruments could be to address the main threats through working in that location, being overfishing and unsustainable infrastructure development. They considered existing approaches and considered how an already required Environmental Impact Assessment (EIA) process could be linked with an approach to mobilize Payment for Environmental Services (PES).

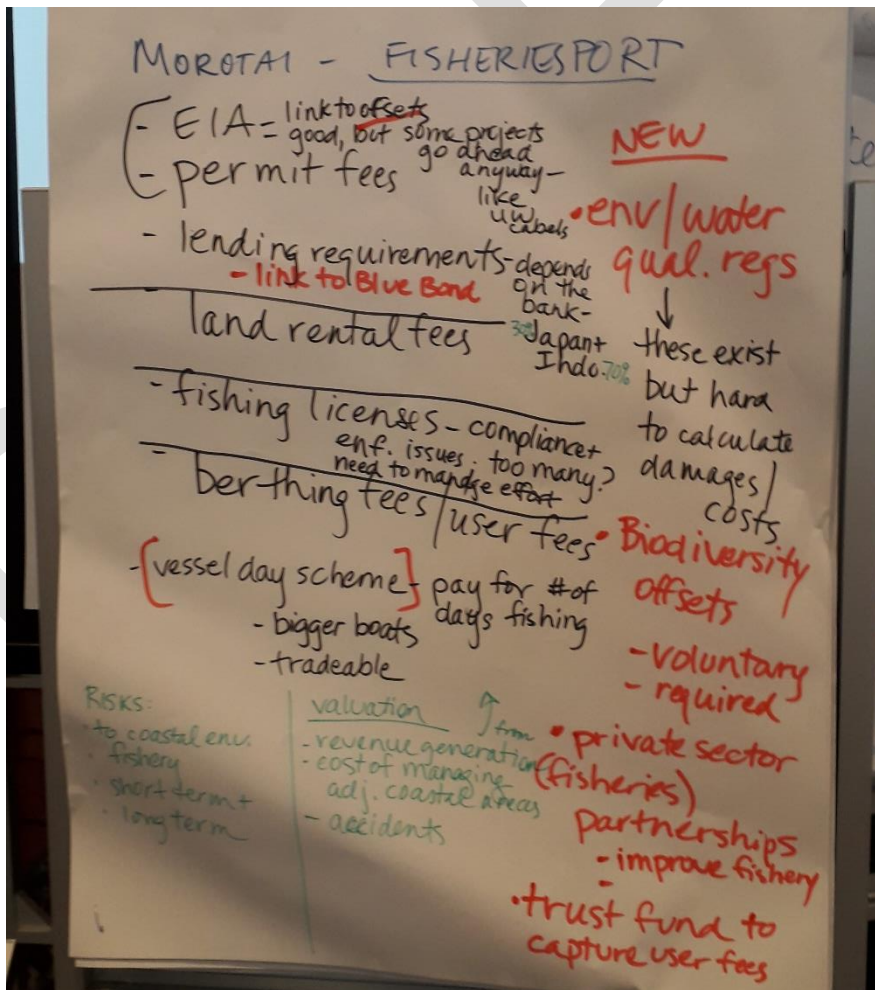
They considered that an EIA related solution for the private sector to be more cost effective could be useful and it could mobilize more lending support to be able to establish modern infrastructure that is more cost efficient for the operations. Also, lending requirements would be a possible route to influence minimum impacts through working with the ID government, and furthermore, fishing licenses could be considered to bring value to the local economy, as well as biodiversity off-set, penalties, and a few more to mobilize new revenues such as land rental fees and berthing fees. Options to establish a Vessel day scheme were discussed to generate revenues from companies and those could be tradeable also. Blue bonds also were discussed in relation to whether those could be used to develop the infrastructure in the best way considering the need for safeguards through the bond system. They also spoke about whether a trust fund could be part of the solution and capture some of the user fees or biodiversity off-sets.

Then they ranked all options. They started detailed screening of the Top 3: Work with private investors (voluntary, biodiversity standards), Sovereign funding (Blue bond, coastal infrastructure), Govt of Indonesia (political economy and sustainable funding), Trust Funds (to capture biodiversity).

Figure 13 Group two in debate.



Figure 14 Some of the notes of Group two.



Group 3 identification of finance tools and options to address key threats to the objectives of the CTI

Group three tackled other key threats specifically for un-sustainable aquaculture and on considering to develop a regional CT fisheries management agency as well as an alternative livelihood-based facility. They came with detailed statements on the improved status (Table 4) and did the rapid screening.

Figure 15 Group three at work



Figure 16 Some of the notes of group 3

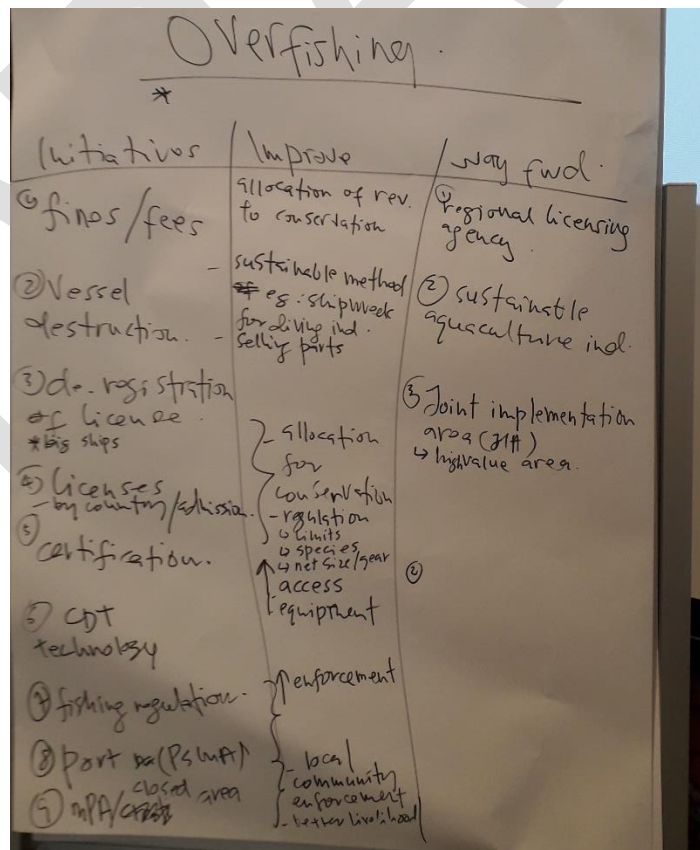


Table 4 Result from rapid and detailed screening of options to address overfishing threats

Num	Way Forward	IMPACT	FINANCE	SUCCESS	DETAILED SCREENING
1	Establishing a regional fisheries management agency and Joint Implementation Area to implement tasks such as licensing (based on sustainable yield, MSY) and enforcement in order to ensure regional biodiversity hotspot is sustainably managed	3	2	2	36
2	Alternative livelihood - Blended finance facility with grants and low interest loan for technical assistance for feasibility studies, capacity building programs and microfinance for business seed funding in order to reduce dependency on fisheries (e.g.: integrated multitrophic aquaculture)	4	3	2	46
3	Debt conversion to raise funding for expansion, enforcement and evaluation of effectiveness of Marine Protected Areas (MPA)	3	4	3	42

The lead consultant asked the participants for some of their observations on the tools and discussions. Some in the group offered that the lack of full information on options or details of the scope to be addressed makes it harder to conduct the screening and also that decisions can be political more or less acceptable which may have an effect on the enabling conditions for mobilizing certain types of finance. It was also observed that the tools appear to work well for national finance options but less so when considering regional wide multi country solutions. It does show the importance of having experts in the room, and to be clear about the approach to decision making. It was confirmed that this approach however will be useful to take the development of the CTI finance strategy further in the near term and the participants were recommended again to peruse information shared through the link and to consider signing up to the conservation finance alliance.

Then the group as a whole was asked to do a rapid screening of the full list of finance options that were listed (expanding of existing and creating new ones) in group 1. The scores were averaged and the Table 5 provides the summary outcome.

Table 5 Outcome of the screening exercise by the workshop group exercise of different finance options for the CTI-CFF.

Finance Mechanism	CTI-CFF Specific Description	Biodiversity Socio-Economic Impact (Average)	Financial Impact (Average)	Likelihood of Success (Average)	Total score
Grants	A stronger value proposition brings EU, WB, IDB, IKI Korea, GCF, GDF, grant funding to CTI	3.3	3.2	2.9	9.4
Trust Fund	Develop regional trust fund	3.1	3.1	2.6	8.8

Finance Mechanism	CTI-CFF Specific Description	Biodiversity Socio-Economic Impact (Average)	Financial Impact (Average)	Likelihood of Success (Average)	Total score
Philanthropy	Charitable foundations (Waitts, Walton, Packard, Pew, Moore) make regional relevant grants to CTI priorities.	3.2	2.8	2.5	8.5
Loans	The ADB Oceans Finance Initiative has a CTI-earmarked package or program	2.9	2.9	2.6	8.4
Certification, fees and license	Develop sustainability fees and licensing for fisheries, eco-tourism and multiple user sectors	2.9	2.2	2.4	7.5
Membership	Invite members – e.g. Brunei Darussalam, Thailand, Japan Vietnam, New Caledonia, Korea	2.6	2.4	2.4	7.4
Bonds	Regional CTI bonds raised to support regional and national-level revenue-generating priority projects, in partnership with private sector finance and seafood industry,	2.5	2.5	1.8	6.8
Insurance	The WTW includes priority places of the CTI in its portfolio.	2.5	1.9	2.0	6.5
	Lotteries – Poste Code lottery, CTI national lotteries	2.0	2.4	1.5	5.9
Debt Swap	CTI is a recipient of national debt swap revenue tax	2.2	1.9	1.6	5.7
	Adjust membership formula	1.6	2.1	1.2	4.9

4.2.4 Session IX Enabling Conditions, Marketing, Management

This session returned to the matter of Enabling Conditions and focused particularly on aspects important to Marketing and communications and finance mobilization Management. The lead consultant shared the new CTI strategic communications plan at-a-glance (Figure 17) and the group discussed the relevance of making sure that the value proposition of the CTI-CFF was clear and communicable in a crisp and attractive way to different target audiences relevant for finance mobilization.

Key Audience includes High level govt officials, Private Sector and development agencies. The communications should support it becoming obvious and crystal clear why the CTI and its regional collaboration should matter to them. For high level government officials first and foremost the target is the leadership and decision makers in the CT member countries in order to ensure continued

membership contributions. The group identified the need to collaborate strategically in the near term around a calendar of events and ensure that preparation for those events is supported with the strong narrative illustrative the value proposition. The immediate event is the upcoming SOM, a next event is the CTI-CFF Leaders Summit.

The expert on conservation finance provided some possible next steps, as part of the business planning for developing a complete finance resource mobilization strategy that is based on historic experience and takes into account current opportunities. The work done by the workshop participants is a good foundation. More information will be useful in order to calculate the financial needs for the RPOA 2.0 and a focused goal for example on financing the CTMPAs will be important to agree on for the first 5 years in line with the RPOA 2.0. Once RPOA 2.0 is finalized, and the Monitoring and evaluation strategy is clear, CTI will need its Institutional framework to align WGs to be effective in implementing RPOA 2.0.

Regarding management of further development of the finance strategy and detailed aspects of a project preparation facility, the group also discussed some opportunities to bring the FRWG together during an informal information session on this workshop report in order to draft some possible next steps.

Some of the questions (Q) raised and discussed (D) by the group in this session included:

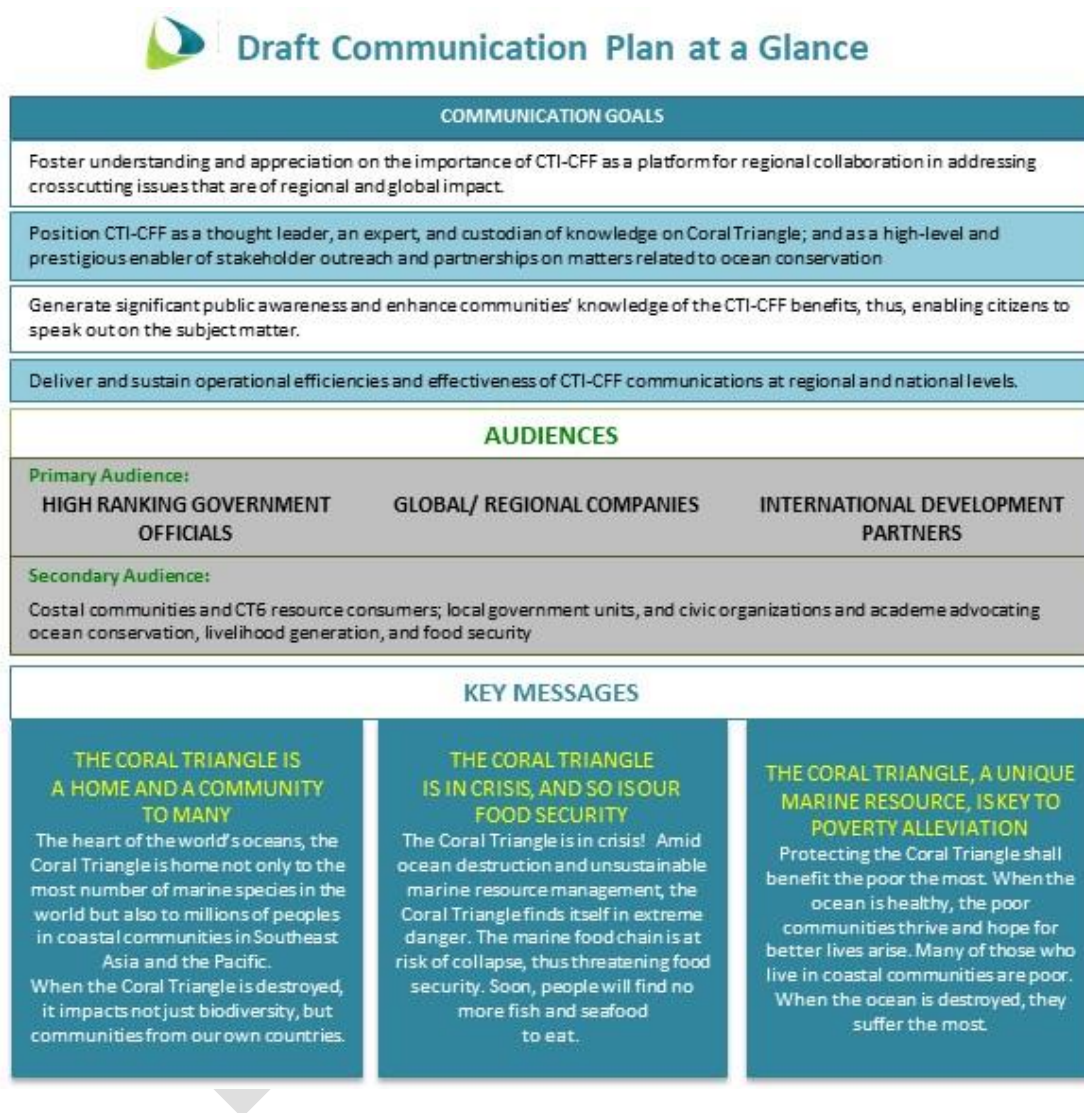
Q: do we know what will need to be done in preparation for the SOM? For SOM: who will attend? What are the key Materials and Products? D: there must be Key Messages prepared, sort of similar to the 2009 Leaders Declaration. The Previous Leaders Declaration has 3 pages and 11 points, with 1 page for Signature. SOM15 is planned for 4-8 Nov 2019 in Honiara and this would be a critical moment to even get support for a Leaders Declaration related to the renewal of the RPOA and for the continuation of the CTI towards the next SOM16 & MM 2020.

Q: what do the NCCs need for preparation of SOM and Leaders Summit? D: **NCC ID**: Need to follow up. RS can ask for letter to NCCs to prepare for Leaders Summit, with suggestions on what to include in the letter for Leaders Summit. **NCC PNG**: Communication through NCCs on preparation of Leaders Summit. **NCC S.I.**: Communications by RS must flow through to NCC who will report and advise the leadership. **NCC TL**: RPOA 2.0 launch to be included for Leaders Summit. **NCC MY**: Currently GoM is evaluating 10-year of CTI involvement. Not 100% sure that our govt will buy in. RS to put in quantification and quality of achievements nationally and regionally. What happened to Country Contributions money to CTI. If can convince the Government to buy-in for CTI. RPOA 2.0 at SOM – is must be clear what is RPOA 2.0 and what are benefits to come from it. If no tangible benefits from previous RPOA it will be hard to continue and get support for RPOA 2.0. Bonds etc are exciting but this is not the time for us to convince our government on those complex things as we are firstly considering extension of CTI and related membership payments. Wording of RPOA 2.0 should be crisp, not verbose. 10 years ago, CTI began because of believe in Paradigm shift. US pledged ca. 40 mil USD. A Regional Impact Report of RPOA 1.0 must be done to get to the next round of commitment for CTI and show Operational improvement.

Q: how can the materials be produced in a compelling and effective way. D: For Country contributions, we can show the expenses report but we need to highlight more regional success stories, such as what kind of impact e.g. in MY from regional work on EAFM. In Indonesia from regional work on Seascapes?. The scoring and quantification of impact and progress on Country Commitments was attempted but while it is possible to list which regional priorities have been done and to what commitment they are likely to contribute, the change in the targets – e.g. improvement in ecosystem health and livelihoods -

cannot be measured or evidenced in quantitative and attributable ways to the CTI. RPOA 1.0 lacked a Theory of Change and had ambiguity in Targets, hence the reporting and measuring of progress was activity-based. This is now being improved with a clear understanding that the measures system needs to be feasible and affordable. CTI is an initiative is not the only one of such complex initiatives that suffers on these matters. It will be important for finance mobilization of any kind to be up front for next 5 to 10 years, to be very focused, we were naïve 10-15 years ago. Why would RPOA 2.0 be better: Because we have learnt!

Figure 17 Draft CTI communication strategy at-a-glance.



STRATEGIES AND TACTICS
IT'S THE MISSION, NOT THE INSTITUTION. Highlight advocacy messages to gain attention and elicit action.
GO BIG OR LOSE. Maximize 360 communication especially mainstream media to create impact.
DRIVE AND THRIVE. Institutionalize the role of communication and push for changes that address core issues.
<p><u>MOST IMMEDIATE TACTICS</u></p> <ul style="list-style-type: none"> • Prepare a 1-year media plan to maximize advocacy exposure at the level of regional, mainstream media • Develop a social media playbook and initiate CTI-CFF regional communication campaign • Conduct CTI-CFF Branding Workshop and Stakeholder Mapping • Advocate for the inclusion of CTI-CFF issues on the agenda of inter-government/ regional meetings • Tap influential CEOs/ business leaders to engage and champion cause to the private sector • Convene a Leaders Summit to secure high-level government commitment and support • Hold an international donors' roadshow <p><u>KEY INSTITUTIONAL AND ORGANIZATIONAL-LEVEL ACTIONS</u></p> <ul style="list-style-type: none"> • Create a TWG on Strategic Communications/ Make it part of the CTI-CFF high-level structure • Allocate substantial funds for CTI-CFF communications, especially at the regional level • Staff, capacitate, and empower RS Communications Team • Conduct inventory of CTI-CFF communication tools and assets including digital platforms

4.2.5 Session X: Next Steps

Continuing from the previous session the participants discussed meaningful and feasible next steps. These are listed in section 5.0

5.0 NEXT STEPS AND CLOSING

The workshop report – draft version – will be shared with participants and other stakeholders for comments and improvements. During the planned workshop on institutional change, a moment will be created for the members of the FRWG to consider the report together.

The Interim Executive Director of the RS thanked all participants to the workshop and handed some certificates to presenters and facilitators.

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APPENDICES

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Appendix A1
Caribbean Challenge Initiative

APPENDIX A1 CARIBBEAN CHALLENGE INITIATIVE

History and Purpose: The Caribbean Challenge Initiative (CCI) is an innovative platform uniting government, the private sector, and partners (e.g. funding agencies, non-government organizations [NGOs]) to take collaborative action to conserve and sustainably manage the Caribbean's marine and coastal environment. It is a historic conservation initiative that brings together for the first-time governments, companies, and partners to accelerate action on conservation in the Caribbean. Launched in 2008, the CCI aims to support/incentivize Caribbean governments to: (i) meet their sustainable development commitments, (ii) catalyze new funding and accelerated action, and (iii) help ensure more prosperous and sustainable economies across the Caribbean in the future. Participating members, including governments, companies, and partners, formally declared their commitment to marine and coastal conservation and agreed to take on the initiative's two major goals:

- (a) **'20-BY-20' Goal. To effectively conserve and manage at least 20 percent of the marine and coastal environment by 2020, and**
- (b) **Sustainable Finance Goal. To achieve the '20 by 20' Goal, to have in place fully functioning sustainable finance mechanisms that will provide long-term and reliable funding to conserve and sustainably manage the marine and coastal resources and the environment in each participating country and territory.**

Achieving these goals, through public-private partnerships and other means, can help to ensure a prosperous economy and a sustainable future for the Caribbean region, benefiting this and future generations.

Geography/Countries: On 17 May 2013, nine Caribbean Governments and territories (Bahamas, British Virgin Islands, Dominican Republic, Grenada, Jamaica, Puerto Rico, St. Lucia, St. Kitts and Nevis, St. Vincent, and the Grenadines) signed the CCI Leaders Declaration committing them to accelerate and expand efforts to safeguard the Caribbean region's marine and coastal environment, further promote the sustainable use of natural resources through new commitments to conservation and/ or scaling up of existing actions, engage the private sector and partners of the CCI, and expand the CCI to include additional governments.

Governance: The organizational structure of the CCI is composed of the following.

- a) **CCI Council.** The CCI Council provides high-level support and overall strategic direction to CCI, in order to stimulate greater collaboration, including public-private partnerships, among the three major CCI "constituency groups" (governments, companies, partners). The Council was co-chaired initially by The Government of the Bahamas, the Virgin Group, and the Government of Germany, with periodic rotation of Co-Chairs. Composed initially of 27 total members (with designated alternates), including nine members from each constituency group, the CCI council aims to: (i) convene informal "Solution Dialogues" designed to stimulate and accelerate innovative, solution-oriented action to achieve CCI goals; (ii) serve as CCI champions, with members taking a leadership role to mobilize the political will, private sector support, and financial resources needed to achieve CCI goals; and (iii) periodically review progress toward achieving CCI goals, and agree on steps to accelerate progress as needed.

- b) CCI Secretariat. The Secretariat manages CCI operations with the help of an extended team of partners and a CCI Council comprised of representatives from CCI governments, companies, and partners. Grenada is host to the first permanent CCI Secretariat.

Sustainable Financing: A new sustainable finance architecture is being established to support CCI composed of a set of trust funds, including the following.

- a) **Caribbean Biodiversity Fund (CBF)**. To provide CCI governments with the reliable, long-term support needed to achieve their CCI commitments, the CBF was legally established as a United Kingdom-based charity in 2012. It promotes for the benefit of the public, the conservation, protection, management, and expansion of national protected area systems and other areas of environmental significance of participating geographies. It was established to support achievement of the CCI commitments by 2020.

CBF funding through an initial financial commitment of USD 42 million has been made to capitalize the CBF endowment. Donors to date include the Government of Germany (BMZ/KfW, USD 26 million), the Global Environment Facility through the World Bank and the United Nations Development Program (USD 7.95 million), and The Nature Conservancy through generous private philanthropy funds (USD 8 million). Together, the CCI and CBF will help increase natural and socioeconomic resilience in the Caribbean at a scale that has never been seen in the region. The Initiative will result in 8.5 million Ha of new protected areas—approximately the size of South Carolina—and will promote a nature-based approach to building climate resilience that can serve as a model in a world gravely threatened by climate change. It will also support the tourism industry, on which so many Caribbean livelihoods rely, and foster sustainable management of fisheries and other marine resources.

- b) National Conservation Trust Funds (NCTFs). The CBF regional endowment channels funds into NCTFs set up in each CCI country. These funds are matched by revenue raised by CCI governments via sustainable finance mechanisms, such as tourism fees. The amount of annual CBF funding available for disbursement to the participating NCTFs will be approximately 4.5% of the monthly value of the portion of the CBF endowment earmarked for each trust fund (averaged over the previous three years). This formula is designed to help smooth out the fluctuation of investment returns. The transfer of funds will be governed by the terms and conditions set out in Vertical Agreements between the CBF and individual NCTFs.

- **Antigua and Barbuda: The Marine Ecosystem Protected Area Trust (MEPA Trust), Inc.** Established on May 22, 2015, the MEPA Trust is envisioned to be a core national mechanism for sustained financing to support local community environmental initiatives. It is dedicated to the protection, recovery, and effective management of Antigua and Barbuda's protected areas to build resilience to the impacts of climate change. The Trust has an appreciation for the natural environment, not only for tourism purposes but as our way of life.

The Trust has embarked on various initiatives to support NGOs and local community groups in capacity building by conducting training workshops, empowerment support to assist the groups to be legally registered, continuous networking with the groups to build strong partnerships and engagement in joint sustainable activities.

The MEPA Trust has formed strong partnerships with various supportive entities to include the Department of Environment and CBF. With the signing of the CBF Partnership Agreement, the Trust will have additional funding available to support conservation activities and work towards achieving the CCI goal of effectively conserving and managing at least 20% of Antigua and Barbuda's marine and coastal environment by 2020.

As their tag line states "Biodiversity is our Business" and thus the MEPA Trust is committed to collaborating with all stakeholders (government, NGOs, civil society, private sector) to determine grant-making activities that will further enhance the protection and conservation of biological diversity within the marine and terrestrial ecosystems. While continuing to engage communities in all projects funded by the Trust as a means of promoting environmentally sustainable development activities in Antigua and Barbuda.

- The Bahamas: The Bahamas Protected Area Fund (BPAF). In order to address the issue of financial sustainability for the protected areas in the Bahamas, the BPAF Act was drafted and includes efforts towards the partnership agreement to accommodate the CBF and other donors both local and international from whom donations might be received.

The BPAF Act was passed in 2014 and BPAF launched on 9 July 2014. **BPAF is a national conservation trust fund devoted to helping ensure that Bahamian marine parks will have a dedicated, sustainable source of revenue to employ staff, galvanize local community support, purchase equipment, build visitor facilities, and monitor ecosystem health.**

It seeks to fund an effectively managed national protected area system via grants to local protected area managers. Its mission is to ensure the sustainable financing for the management of protected areas in the Bahamas, including activities under the CCI and secure the objectives of the CBF. The BPAF's Act allows for a broad range of revenue sources including public and private donations, gifts and bequests, fees, investments, and proceeds from the sale of tangible and intangible property.

Current funding sources for the BPAF include subventions from the Government of The Bahamas, a one-time allocation from the Global Environment Facility, conditional disbursements from the CBF, and any interest that the Fund accrues.

The BPAF functions under the core principles of:

- a) Transparency. This principle is embodied in the BPAF Act's provisions on conflict of interests and audits.
 - b) Accountability. This principle is embodied in the BPAF Act's provision for the Board to issue an annual report to the Minister who shall share a copy with the House of Assembly and the Senate and to make the auditor's annual report publicly available.
 - c) Independence/Non-Political. This principle is embodied to the BPAF Act's provision that the Fund not publish propaganda, attempt to influence legislation or participate in any political campaign or on behalf of any political candidate or party.
- Dominican Republic: The National Fund for the Environment and Natural Resources (Fondo MARENA). Fondo MARENA is an organization created to develop and finance projects related to the environment and natural resources for the benefit of natural

communities and people. It has legal personality, independent patrimony, its own administration and jurisdiction throughout the national territory, was created by Law 64-00 with the purpose of developing and financing programs and projects of protection, conservation, research, education, restoration and use, sustainable environment and natural resources, and is regulated by Executive Decree 783-09 of October 21, 2009.

Its vision is to be an effective and efficient catalyst to channel national and international public and private investment to support a strategic environmental management that contributes to the sustainable development of the country and to the improvement in the quality of life of the population.

Its mission is to promote public and private investment, through different financial mechanisms, to support strategic environmental management that contributes to the country's sustainable development.

Fondo MARENA is an institution created to: (i) contribute to the environmental management and conservation of biodiversity in the Dominican Republic; (ii) provide support for the strengthening of environmental policy; (iii) encourage the construction of systems and institutional capacities for the capture of financial resources; the administration, monitoring, and evaluation of programs and projects, and the creation of public-private strategic alliances with national, international, and local organizations.

- Grenada: Grenada Sustainable Development Trust Fund (GSDTF). The CBF has been working with The Nature Conservancy, the Government of Grenada, and the Board of the GSDTF to ensure that the Fund meets the criteria of the CBF as a Partner Fund in 2018.

The Fund's Purpose is to provide a sustainable source of financing into perpetuity through the development and management of endowments and other funds for supporting sustainable development initiatives and activities, including but not limited to: (1) activities conserving the biodiversity and natural ecosystems of the coastal and marine environment of Grenada, such as those meeting the objectives of the Caribbean Challenge Initiative, and terrestrial environment of Grenada; (2) climate change mitigation and adaptation activities; and (3) environmental conservation activities associated with human development and pollution.

- Jamaica: National Conservation Trust Fund of Jamaica (NCTFJ). The NCTFJ Ltd. was established in December 2014 under the Companies Act of Jamaica with the objective of promoting, for the benefit of the public, the conservation, protection, management, and expansion of Jamaica's national Protected Areas System by providing a sustainable flow of funds to support, without limitation, enforcement, infrastructure, monitoring needs, and other activities that contribute substantially to the conservation, protection, and maintenance of biodiversity within the National Protected Areas System or any other area of environmental significance of Jamaica. Complementing the Government of Jamaica and other international funding sources, the Fund will provide a dependable and additional source of financing leading towards more effective protected area management.
- Saint Kitts and Nevis: St. Christopher and Nevis Conservation Foundation (SCNCF). The SCNCF is a non-profit public-interest operating and funding foundation (hereinafter, the

“Foundation”) established pursuant to the Foundations Act, Cap. 21.19 of the 2009 Revised Laws of the Federation of St. Christopher and Nevis.

The Foundation is intended to provide long term and reliable funding to support the management of the country's marine and terrestrial resources, with special emphasis on marine ecosystems. The Foundation will be supported in part by the CBF, which will provide annual funding to the Foundation from investment returns. Ultimately, it is intended that the Foundation will receive funding from additional funding sources.

The Foundation will operate as a financing institution and award grants to government agencies, NGOs, and other qualifying entities for priority marine resource management projects in St. Kitts and Nevis, including projects to support sustainable fisheries, sustainable tourism, livelihoods, and various other sustainable initiatives.

- Saint Lucia: Saint Lucia National Conservation Trust Fund (SLUNCF). Incorporated in 2016, the SLUNCF is dedicated to the conservation, restoration, and effective management of Saint Lucia's biodiversity and natural resources. Although developed primarily to manage funding flows that will be generated by the CBF, the SLUNCF is designed to accommodate a diverse range of funding flows that will catalyze and support the conservation, restoration, and effective management of Saint Lucia's biodiversity and natural resources, and the sustainable livelihoods that can be generated from them.

The SLUNCF's mandate extends beyond the management of CBF funds, and the SLUNCF will seek to generate additional sustainable funding to support other focal areas including sustainable livelihoods.

Grants from the SLUNCF can be used to support a wide range of both marine and terrestrial conservation-related activities including protected area management and strengthening, habitat and species management, environmental education and awareness linked to biodiversity and conservation management, local community engagement directly linked to marine or terrestrial protection, alternative sustainable livelihoods, environmental education and awareness, habitat and species management, implementation of laws and regulations for ecosystem and biodiversity conservation, and capacity building and management planning linked to conservation of the marine and terrestrial environment.

- Saint Vincent and The Grenadines: The Saint Vincent and the Grenadines Conservation Fund (SVGCF). The SVGCF is intended to provide a sustainable flow of funds to support the long-term management and expansion of Saint Vincent and the Grenadines National System of Protected Areas and other activities that contribute substantially to the conservation, protection, and maintenance of biodiversity in Saint Vincent and the Grenadines.

The Fund will be supported in part by annual payments from the CBF which will generate annual funding from investment returns that will be channeled through the Fund. These payments, as of Year 3 of the Fund, are contingent on the matching funds from the SVGCF. The design of the Fund is sufficiently flexible to permit windows for future funding streams.

The Fund will administer a grant-making program with the funds available to it from various sources to support priority conservation in Saint Vincent and the Grenadines, specifically those projects that support the long-term management and expansion of Saint Vincent and

the Grenadines areas of land and/or sea, which are specifically dedicated to the sustainable use of resources, protection and maintenance of biological diversity and natural resources and other activities that contribute substantially to the conservation, protection and maintenance of biodiversity as identified after consultations with stakeholders

Monitoring and Evaluation: Meaningful and lasting progress has been made through the Initiative. **Five of the 11 CCI countries and territories have already met or exceeded their 20-by-20 goal:** the Dominican Republic, Haiti, Puerto Rico, St. Kitts and Nevis, and the U.S. Virgin Islands.

The Dominican Republic, through an unprecedented Presidential Decree, declared 31 new protected areas totaling over 1.3 million Ha, which will protect coral reefs, sharks, and sea turtles. The Bahamas expanded Andros West Side National Park from 357,000 Ha to nearly 530,000 Ha, which includes important fish habitat and mangrove forests. St. Kitts and Nevis declared a new protected area that encompasses a 3.2 km (2-mile) radius around the entire island nation and includes 60% of its nearshore marine shelf. Haiti declared nearly 105,000 Ha in new protected areas, bringing the country just over its 20% goal.

Some observations relevant for the CTI-CFF: the CCI has only two specific goals, one supportive of the other. The 11 countries make rapid progress on their goals, and the sustainable finance mechanism that has been designed and established is already resourced. This rapid and focused and seemingly successful resource mobilization and sustainable finance mechanism should be an important example for the CTI.

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Appendix A2
Case Framework

APPENDIX A2 FRAMEWORK FOR CASES

A note to Developers

This document provides a suggested framework for developing cases (ideas) to be tabled at the Coral Triangle Initiative Finance Workshop. Following this guide to the extent possible will allow the participants to compare ideas and options more easily as well as see connections among them.

Title:

Developer name - organization or individual:

Contact information:

Intellectual Property conditions (if any):

Summary

What's the idea – what can be achieved – how much will it cost?

Challenge:

- What is the problem that needs solving?
- What will happen if we don't address it?
- What geography does it affect?

Opportunity:

- What can we do about the problem?
- How does that help?
- How do we know it will work?
- Who will benefit and how are benefits to be realized?
- How would this work specifically support
 - The goals of the CTI
 - Climate change (mitigation, resilience, adaptation)

What is proposed:

- Scope and goals of work proposed
- Geography
- Overall impact of the work – what will change in management, policy, ecosystems, social benefits / communities
 - Within the time of this proposed work?

- Within 10 years of the POW completion?
- Timeframe for the proposed program of work
- Expected outcomes and their significance
- Bodies of work to support outcomes
- Stakeholder breakdown – who benefits, who needs to participate
- Scalability of the work [e.g. geographically, # beneficiaries, sectorally]
- Sustainability of the work beyond the project – institutional uptake; financing
- GESI dimensions of the work

Implementation arrangements

- Who would do the work?
- What partnerships or institutional mechanisms and why they are suitable?
- What are any existing government structures/policies/initiatives with which this work could align?
- Are there risks (e.g. environmental, social, governance) to the approach, if so how can they be mitigated?

Financial considerations

- What the proposed POW would cost to implement [options describing full package versus some parts delivered]
- Costs and returns from new on-ground arrangements – e.g.
 - Predicted recurrent costs of new management arrangements or policy commitments (such as MPA, planning approaches)
 - Potential revenue generation or cost savings from new management arrangements under the POW
- Do you have ideas about a financial structure/model that might be developed to maintain the POW?

[Supplementary]

Maps, figures

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Appendix A3

**Rapid and detailed scoring tools
for screening of finance solutions**

APPENDIX A3

RAPID AND DETAILED SCORING TOOLS FOR SCREENING OF FINANCE SOLUTIONS

Rapid Initial Scoring tool

Criteria	Scoring Guidance
Impact on biodiversity	<p>(4) Very high impact on threatened / endangered species and habitats (biodiversity) and critical11 ecosystem services.</p> <p>(3) High impact on biodiversity and ecosystem services.</p> <p>(2) Moderate impact on biodiversity and ecosystem services.</p> <p>(1) Low impact or high uncertainty about the same.</p> <p>(0) No or insignificant impact.</p>
Financial impact	<p>(4) Potential to mobilize or save a very high amount of resources. A significant impact on the biodiversity finance agenda.</p> <p>(3) Potential to mobilize or save a high amount of resources. Indicatively about 5-15 per cent of current expenditure or financing needs.</p> <p>(2) Potential to mobilize or save a moderate amount of resources. Indicatively between 1-5 per cent of current expenditure or needs.</p> <p>(1) Potential to mobilize or save a low amount of resources. Indicatively under 1 per cent of current expenditure or needs.</p> <p>(0) Minimal scale of resources mobilized or saved compared to current expenditures or needs.</p>
Likelihood of success	<p>(4) Very high likelihood of success. Broad based political and social support and sound commercial viability (if relevant). No operational challenges known. Strong record or expectation of success, replicability or scalability in comparable contexts.</p> <p>(3) High likelihood of success. Sufficient political and social support. Commercially viable (if relevant). Operational challenges are manageable. Relevant record of success, replicability or scalability in comparable contexts.</p> <p>(2) Moderate likelihood of success due to limited political and social support or known operational or technical barriers. Limited commercial viability (if relevant). Limited record of success, replicability or scalability in comparable contexts.</p> <p>(1) Low likelihood of success due to high political and social resistance or major operational or technical barriers. Limited commercial viability (if relevant).</p> <p>(0) Virtually no chance of success under current conditions. Commercially unviable (if relevant).</p>

Detailed Screening tool

Questions	Indicative marks for scoring (0-4)	Score
1. Is there a positive record of implementation?	0 = none 1 = ongoing pilots – results unclear 2 = successful pilots, functions poorly 3 = currently functions moderately in country, 4 = currently functions well in country	
2. Will it generate, leverage, save, or realign a large volume of financial resources?	0 = no, or an insignificant volume 1 = 1 per cent or less of current expenditures / finance needs 2 = 1-5 per cent of current expenditures / needs 3 = 5-15 per cent of current expenditures / needs 4 = game changer, > 15 percent	
3. Will financing sources be mobilized in a compatible timeline with needs?	0 = no, delays expected 2 = moderate likelihood of being mobilized in alignment with needs 4 = yes, forthcoming and compatible schedules	
4. Will financing sources be stable and predictable?	0 = no, highly unstable and vulnerable to external factors 2 = likelihood of being reasonably stable and predictable source 4 = yes, very stable and predictable	
5. Do the persons or entities paying have a willingness and ability to pay or invest?	0 = no, or totally unknown 2 = possibly 4 = yes, willingness shown	
6. Are main financial risks adequately managed (e.g. exchange rate, lack of investors, etc.)?	0 = no, high risks remain 2 = moderate risks 4 = yes, low residual risks	
7. Are start-up and operational costs onerous in comparison to the expected financial returns?	0 = very costly compared to returns 2 = moderate costs compared to returns 4 = very low/minimal costs compared to returns	
8. Does the solution improve incentives to manage biodiversity and ecosystems sustainably? (see Chapter 1).	0 = not clear 2 = likely 4 = most certainly	
9. Will the financial resources remain targeted to biodiversity over time?	0 = not clear, high risk of allocation to other sectors 2 = likely, current administrative provisions 4 = yes, strong legal provisions	
10. Are risks to biodiversity (e.g. disrespect of mitigation hierarchy) low or easily mitigated? How challenging would it be to develop safeguards?	0 = high risks, no easy mitigation 2 = reasonable risks, mitigation possible 4 = low risks, easy safeguards	
11. Will there be a positive social and economic impact (e.g. jobs, poverty reduction and cultural)?	0 = none or unknown 2 = moderate 4 = strong positive impact	
12. Would there be a positive impact on gender equality, especially regarding participation in design and implementation or access to opportunities and benefits?	0 = none or unknown 2 = moderate 4 = strong positive impact	
13. Have risks of significant unintended negative social consequences been anticipated and managed?	0 = no, high risks likely remain 2 = moderate and manageable risks 4 = yes, minimal residual risks	

Questions	Indicative marks for scoring (0-4)	Score
14. Will the solution be viewed as equitable and will there be fair access to the financial and biodiversity/ecosystem resources?	0 = no, high risk of inequitable outcome 2 = moderate possibility 4 = yes, built into design features	
15. Is the solution backed by political will?	0 = no, resistance from key stakeholders 2 = moderately 4 = yes, with public statements in support	
16. Have political risks been anticipated and managed?	0 = no, high risks remain 2 = moderate and manageable 4 = yes, minimal residual risks	
17. Is buy-in among stakeholders (i.e. potential investors/ decision makers, implementers, and beneficiaries) sufficiently strong to counter potential opposition?	0 = no, weak buy-in 2 = moderate buy-in 4 = yes, strong buy-in	
18. Do the managing actor(s) have sufficient capacity? Can they rapidly acquire it?	0 = no, severe and persistent capacity gap 2 = moderate capacity gap 4 = yes, strong implementation capacity	
19. Is it legally feasible? How challenging will any legal requirements be?	0 = no, new law is required 2 = new regulations required 4 = yes, new regulations are not needed	
20. Is it coherent with the existing institutional architecture and can synergies be achieved?	0 = no, limited or no synergies / coherence 2 = potential synergies 4 = yes, fully coherent / large synergies and compatibilities	
Total Score	From 0-80	