



# Navigating Marine Protected Area Finance: Amplifying Income Generation Strategies for the Western Indian Ocean

## BACKGROUND

While marine protected areas are places where the blue economy can thrive, marine managers are typically trained in natural resource management and lack business acumen to diversify and cultivate income-generating activities and other progressive fundraising methodologies. Considering economic and social benefits such as enhancing livelihoods, and economic opportunities associated with effective marine protected area management is of utmost importance. Despite their ecological and economic significance, many marine protected areas (MPAs) lack the necessary financial expertise to tap into their full potential.

In the past 10 years, there has been a steep uptick in the application of traditional and contemporary finance models to sustain marine protected area management, yet opportunities to transfer knowledge and receive practical guidance in this complex space are limited.

In September 2023, Western Indian Ocean Marine Science Association (WIOMSA) and the Blue Nature Alliance co-hosted the Western Indian Ocean (WIO) MPA Finance Workshop in Watamu Marine National Park and Reserve, Kenya. To address the financial sustainability of MPAs and equip marine managers with a variety of financial mechanisms, the two-way interactive exchange intended to shift the mindset of marine managers to “start thinking ‘business’”. Primary objectives included:

- Elevate and learn from other countries’ conservation finance experience
- Share opportunities, methods, and approaches to Conservation Finance
- Experience local solutions for how to generate income for protected area management
- Apply new learning and facilitate managers through finance journey to generate solutions for their own countries’ MPAs.

The workshop brought together 30 site managers, finance experts from 11 countries, and key partners from regional NGOs and development organizations.

Over five days, participants delved into Conservation Finance, exploring practical methods and global success stories. The workshop aimed to shift the mindset of marine managers, emphasizing the importance of viewing MPAs as business entities. Real-world case studies and interactive sessions provided actionable insights, fostering discussions on attracting funding, developing tourism markets, and encouraging government investments.

The workshop’s significance was two-fold. Firstly, it empowered marine managers with the financial acumen necessary to sustain MPAs. Secondly, it highlighted the crucial role of proper finance mechanisms in marine conservation to economists and stakeholders alike. By sharing expertise and exploring solutions, the workshop paved the way for a future where MPAs are financially robust, ensuring both marine conservation and economic growth in the WIO region.

At the heart of these discussions, sustainable financing emerged as a recurrent theme. Representatives underscored the urgent need for robust financial strategies, echoing the workshop’s central mission. Through these shared challenges, a regional understanding crystallized, emphasizing the imperative of collaborative solutions. This unified approach, rooted in shared challenges, paved the way for in-depth discussions on innovative financing models, striving for a future where MPAs not only survive but thrive in the face of complex, interconnected challenges.

## TRAVERSING TROUBLED WATERS

### Shared Challenges in MPA Management

At the heart of discussions during the workshop, challenges echoed loudly across national borders, painting a vivid regional portrait of hurdles faced MPA management. Representing Kenya, Tanzania, Reunion, Comoros, Mozambique, Madagascar, Mauritius, South Africa, and Seychelles, participants delved into the intricate issues that plague their MPAs and transcend geographical boundaries. Common challenges faced across the WIO region included:

- 1. Environmental Threats:** Across nations, MPAs grappled with pressing environmental challenges, from coral bleaching and invasive species to climate change-induced alterations. These threats tested the resilience of marine ecosystems, demanding collective strategies.
- 2. Unsustainable Practices:** Unsustainable fishing methods emerged as common adversaries, endangering marine life and depleting valuable resources. Encroachments, both physical and through conflicting interests, compounded the challenge, leading to resource use conflicts and habitat degradation.
- 3. Socioeconomic Pressures:** Socioeconomic factors like poverty, lack of education, and unskilled labor intensified the strain. Poverty rates and demographic pressures posed significant hurdles, hindering sustainable management efforts.
- 4. Governance and Coordination:** Inadequate enforcement, limited coordination among government agencies, NGOs, and stakeholders hindered effective governance. Deficient infrastructure and funding compounded the challenges, making conservation initiatives harder to implement.
- 5. Global Shocks and Trade Barriers:** Global shocks like the COVID-19 pandemic, wars, and trade barriers destabilized the fragile balance. These external factors reverberated locally, affecting tourism revenue and economic stability.

## SUSTAINABLE HORIZONS

### Highlighting Pioneers in Conservation Financing

In a collective pursuit of sustainable marine conservation financing, the WIO MPA Finance Workshop orchestrated enlightening sessions where experts showcased thriving initiatives that could be viable pathways for participating countries. Each expert illuminated a unique facet of sustainable funding initiatives and approaches, providing not just knowledge but inspiration for the future of marine conservation in the Western Indian Ocean. Through collaborative efforts and strategic financial planning, a brighter, more sustainable future for the region's marine ecosystems emerged on the horizon.

**BIOFUND's Triumph in Mozambique:** The strategy deep dive session commenced with Mr. Sean Nazerali's dynamic presentation on BIOFUND in Mozambique, a conservation

trust fund (CFT) triumph demonstrating how to effectively administer philanthropic funding dedicated to biodiversity conservation impacts. His insights provided a beacon, showcasing how CFT's could play a pivotal role in securing sustainable funding for marine conservation efforts.

### **Seychelles Conservation and Climate and Adaptation Trust's (SeyCAT) Innovations:**

Following this success story, Mr. Alain Decormamond from SeyCAT delved into the innovative world of debt swaps and Seychelles' Blue Finance experience. His presentation dissected the challenges and opportunities inherent in these finance mechanisms, offering invaluable lessons for countries venturing into similar endeavors.

**Tanzanian MPAs - Strategies Unpacked:** Dr. Sware Semesi, the Director of Tanzania's Marine Parks and Reserve, unravelled the intricacies of the Finance Mechanisms Strategy for Marine Conservation in Tanzanian MPAs. Her insightful discourse shed light on Tanzania's approach and imparted crucial lessons learned.

**The Great Blue Wall: A Vision Supported:** Dr. Peter Manyara from IUCN passionately underscored the significance of sustainable finance in creating a connected network of regenerative seascape in the WIO through his talk on financing the Great Blue Wall. His words resonated, emphasizing regional financing opportunities to bolster marine conservation financing across nations.

**Miamba Yetu Program's Impact:** Mr. Fahad Al Guthmy's presentation on the Miamba Yetu Programme by the Wildlife Conservation Society showcased the substantial strides made in sustainable reef investments in Kenya and Tanzania. He provided insights into the Global Blended Finance Integrated Approach, which is fortifying reefs against climate change.

**A Case Study from South Africa:** Mr. Babatunde Adeleke, representing the Wild Ocean Trust, shared the successful sustainable financing strategy employed for the iSimangaliso and uThukela MPAs. His presentation not only offered a framework but also illuminated the approach necessary to develop an effective MPA Sustainable Finance Strategy.

**SPACES Initiative - A Global Commitment:** Ms. Gillian Pais from McKinsey & Co. shared the SPACES program, funded by the Zoma Foundation and the Gordon and Betty Moore Foundation. To advance progress towards 30 x 30, SPACES pledges to support 20 countries in the global south. Ms. Pais highlighted the opportunities this initiative has offered the WIO region, setting the stage for impactful global collaboration. Kenya has already begun their SPACES journey!

# CHARTING SUSTAINABLE SEAS

## Funding the Future of Marine Conservation

MPAs, with their vibrant ecosystems, play an irreplaceable role in nurturing marine life. They provide sanctuaries for endangered species, safeguard critical habitats, and facilitate the regeneration of marine biodiversity. Moreover, these areas offer a plethora of co-benefits, from supporting local fisheries and enhancing tourism to mitigating climate change impacts and ensuring resilient coastal communities.

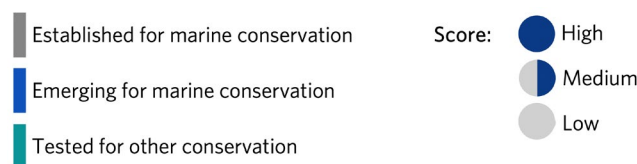
Yet, despite their immense ecological value, many MPAs are underfunded, relying on precarious financial foundations. Common funding mechanisms, such as government

allocations, donor funding, tourism revenue, grants, and philanthropy, provide a lifeline, but they often fall short of the required on-going resources required to meet conservation outcomes. The disparity between the ecological importance of these MPAs and their financial sustenance underscores the urgent need for innovative funding approaches.

In response, the workshop delved into sustainable financing models, presenting a transformative perspective. The Blue Nature Alliance illuminated trends in marine conservation and showcased conservation finance solutions, simplifying complex instruments for the participants' consideration.

All of these financing instruments could potentially be used for MPAs if specific preconditions are met:

Type of funding	Financing instrument	Potential for large-scale funding	Potential to attract add. funds	Maturity	Ease of operation-alization	Adaptability	Preconditions for MPA funding
<i>Grant-based</i>	Domestic government budget allocations	●	●	●	●	●	Political support for conservation, funding available
	ODA, incl. climate finance	●	●	●	●	●	High impact potential; co-funding opportunities; political support
	Philanthropic grants	●	●	●	●	●	High impact potential; Indigenous peoples' and local communities' engagement
	Results-based ODA	●	●	●	●	●	High impact potential; co-funding opportunities; political support
	Crowdfunding	●	●	●	●	●	Site characteristics of interest to the public, medium to high level of threat
	Debt for nature swap	●	●	●	●	●	Debt forgiveness likely or NGO willing to restructure debt; strong governance structure; clear repayment & risk management strategy
	Project Finance for Permanence (PFP)	●	●	●	●	●	Potential for positive economic returns (direct or indirect); acceptable credit rating and/or guarantee potential; strong governance structure
<i>Investment-based</i>	Bonds and loans, incl. blue bonds	●	●	●	●	●	Interest from multiple funders; lead operating partner; strong political support
	Blended finance funds	●	●	●	●	●	High potential for positive returns (e.g., value pools could be monetized); potential for value creation levers
	Public Private Partnership (PPP)	●	●	●	●	●	High potential for positive returns (i.e., value pools such as recreational value could be monetized); clear safeguards in place
<i>Compensation based</i>	Eco-taxes	●	●	●	●	●	Taxable industries outside or inside MPAs; enforcement capacity
	Extractive fees, royalties, permits	●	●	●	●	●	Extractive or prospecting value; environmental protection regulation in place
	Carbon offsets, incl. blue carbon	●	●	●	●	●	Additionality of carbon sequestration; lead operating partner
	Biodiversity offsets	●	●	●	●	●	Ability to restore ecosystem, equivalence to nearby lost biodiversity; regulatory or voluntary scheme in place
<i>Ecosystem value-based</i>	Levy on sustainable use	●	●	●	●	●	Demand for MPA use; enforcement capacity
	Payment for ecosystem services (PES)	●	●	●	●	●	Ecosystems that generate services for which there is a demand; strong governance structure, PES operator; clear economic case
	Insurance premium discount	●	●	●	●	●	Clear group of insurance beneficiaries with control over mitigative measures





After a prioritization exercise where participants discussed the likelihood of success for each of the financial mechanisms presented, country representatives were tasked with crafting their own funding roadmaps and charting next steps:

- **Mozambique** demonstrated the effectiveness of The Biodiversity Conservation Foundation (BIOFUND), a private institution solely dedicated to biodiversity conservation, effectively mobilizing financial resources for Mozambique's unique marine heritage.
- **Kenya** emphasized bolstering government budget allocations, engaging philanthropic donors, and introducing sustainable use levies.
- **South Africa** envisaged diverse funding sources, including philanthropy, eco taxes, biodiversity credits, and a conservation trust fund.
- **Mauritius** intends to pursue philanthropic donors and blue carbon opportunities.
- **Tanzania** considered a Conservation Trust Fund, grant opportunities through Office of Development Aid, engaging in public private partnerships and with philanthropic donors, and introducing sustainable use levies.
- **Madagascar** highlighted philanthropy, payment for ecosystem services, public private partnerships, and project funding permanence as core pillars of their strategy.
- **Comoros** harnessed knowledge gained at the workshop to develop a strategy tailored to their unique context, incorporating the various funding mechanisms discussed.
- **Seychelles** stood out as a beacon of sustainable financing. In addition to a conservation trust fund, their innovative approach involved upgrading tourism revenue systems, ensuring a robust foundation for increased earnings. They also engaged in strategic debt for nature swaps, creatively transforming financial liabilities into conservation assets.

By diversifying funding streams, engaging philanthropy, and fostering innovative partnerships, a path forward emerged — a future where the ecological wonders of the Western Indian

Ocean are not just preserved but flourishing, ensuring a legacy of marine conservation for generations to come.

## MOVING FORWARD

To maintain the momentum generated from this workshop, WIOMPAN and WIOMSA have expressed interest in hosting a Community of Practice that would facilitate exchanges between countries and conservation trust funds; advance resources on MPA finance for the region, such as financial guidelines and “bootcamp” trainings; and identify synergies between financing initiatives, e.g. IUCN Blue Wall partnership with the Miamba Yetu Program.

As such, WIOMSA intends to amplify MPA finance regional policy and strategic communications via:

- Updating the MPA Outlook to include MPA Financing;
- Integrate MPA Finance into Blue Economy and marine spatial planning discussions to convey economic importance of MPAs and their ecosystem service benefits;
- Ensuring the Nairobi Convention in December 2023 elevates MPA Finance inclusion on the science-to-policy platform; and
- Dedicate an issue of the WIOMSA Magazine to MPA finance, highlighting the country roadmaps.

The Blue Nature Alliance will host a virtual open house to check-in with participants on their roadmaps and provide advice to help chart the path forward. As part of the Alliance's partnership with McKinsey & Co., a regional sustainable finance plan for WIOMSA will be developed to support a strategy that integrates needs expressed during the workshop.

Finally, the Blue Nature Alliance is partnering with the Reef Resilience Network to share resources, expertise, and lessons learned with the Network's global audience of marine managers and practitioners. An online toolkit of the WIO MPA Finance Workshop's technical content and illustrative case will be made available to the public by the end of 2023.

