

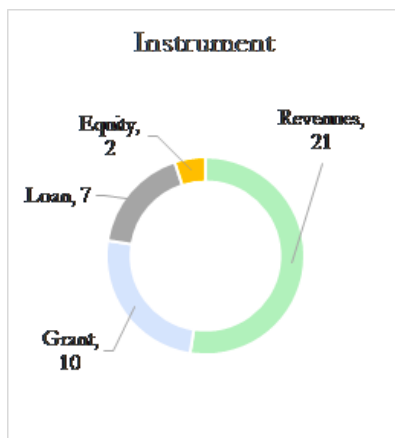


ANALYSIS AND DEVELOPMENT OF A REPLICABLE COMMUNITY MANAGED MARINE AREA FINANCE MECHANISM

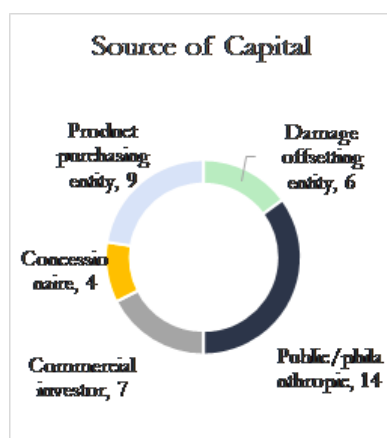
What is available: overview of existing mechanisms

- This study identified and analysed some 130 financing mechanisms in various publications and cross-referenced these to the Pacific Ocean Finance Program's database (a sub-section of the BIOFIN Catalogue of Finance Solutions). Evaluating finance mechanisms' relevance to communities this study identified:
 - 40 project level mechanisms (available to communities directly) and
 - 25 program level mechanisms (mechanisms that can generate financing on program level, that is then to be distributed to communities)
- While project level mechanisms are the focus of this study, we point to the fact that programmatic approaches might be a cost-effective option to raising capital and distributing benefits to communities for community managed marine areas.
- For the purpose of analysing existing project level mechanisms these were broken down into their building blocks differentiating between: (i) Instruments (ii) Source of funding and (iii) Intermediation mechanics. Figure 2 summarises the mechanism breakdown.

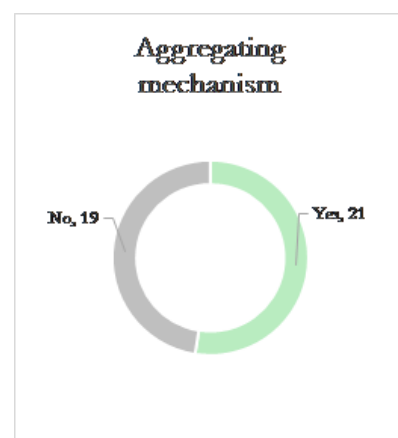
Summary of existing finance mechanisms



Roughly half of the mechanisms are focused on generating revenues through sales of goods and services, followed by grants and debt. Equity financing is generally negligible for community finance purposes.

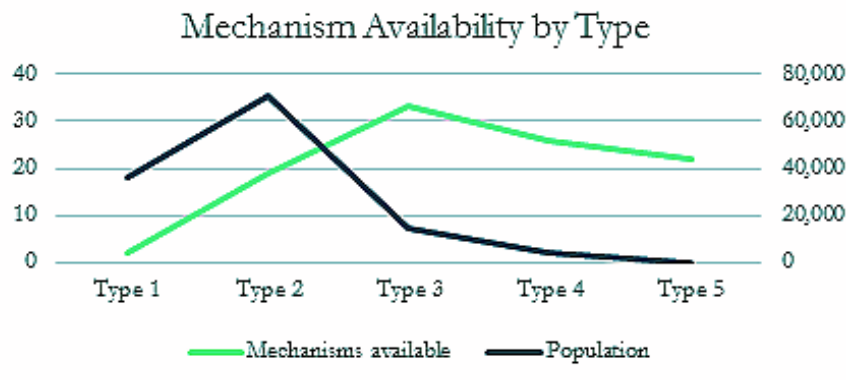


The source of capital is roughly equally split between voluntary (damage offsetting and philanthropic) and commercial sources.



Roughly half of the mechanisms require an aggregating entity (e.g. fund) to be an intermediate between funding source and communities.

Availability of Mechanisms per community type



A large number of mechanisms are available to communities to finance their marine managed areas - in theory. In practice the majority of the existing financing mechanisms are available to only a limited number of communities summarised in Figure 3. While most communities are of Type 1 and 2 existing mechanisms are only partially available to these types of communities.

What is needed: criteria for CMMA finance mechanism's feasibility

The community typology analysis has shown the status of CMMA in the Pacific and has uncovered some of the common objectives (enhancing long term sustainability of resource use, increasing short term harvesting efficiency, enhancing economy and livelihoods, community empowerment etc. communities have when managing their marine and terrestrial resources. A complete list of objectives is in "Appendix 5 – Community objectives and management tools". Finding feasible financing mechanisms requires addressing existing gaps while taking into consideration community objectives. Thus, the following criteria have been identified for screening and potentially amending/innovating existing mechanisms.

1 Economic feasibility

Coastal communities are heavily reliant on the health of coastal and island ecosystems, the majority (over 77%) of the population in PICs live in rural areas with high dependency on fish and other natural resources. Ecosystem health is therefore often seen as valuable from an economic standpoint. The sustainable active management of marine and land resources is therefore closely tied to the communities short- ;and long-term economic resilience, aspirations, and prosperity.

Any feasible financing mechanism should therefore establish a clear link between ocean health and economic development and livelihoods, both short- and long-term.

Providers of financial resources, irrespective of whether these are grants or commercially oriented capital, usually make financing conditional upon the effective and efficient use of capital as well as upon the expected achievement of certain results.

Any feasible financing mechanism will be able to ensure efficient and effective allocation of capital.

Achieving long-term sustainability of the financing mechanism and in turn desired Pacific Ocean health and community resilience benefits partially depends on the availability of financing. Deep pools of capital available for certain instruments can ensure project longevity, other mechanisms can be self-sustainable. Long-term availability of capital is usually ensured in the following cases:



- Commitment to support from national or local government, e.g. by allocating government budget or raising earmarked taxes
- Support by international NGO with significant fundraising capacity
- Revenues from sale of products or services to a market with long-term oriented demand

Any feasible financing mechanism will build on the availability of sustainable financing, matching the needs of establishment and management of marine areas.

Generally, the costs for marine management can be split into two categories (i) establishment costs and (ii) maintenance costs. Without one or the other the mechanisms will lack either planning / establishment or resources to be implemented.

Any feasible mechanism will match communities financing needs for upfront investment and running costs or be compatible with another mechanism able to do so.

2 Ecological feasibility

Communities' economic and ecological objectives are closely linked, especially in the case of Type 1 and 2 communities. In the case of types 3-5 ecological objectives are usually negotiated between community and external stakeholders (government, NGO, private sector).

Therefore, feasible financing mechanisms should be able to accommodate communities' ecological objectives (whether internally set or negotiated).

To ensure the Pacific Ocean health benefits requires the financing mechanism and according services provided to communities to promote sustainable practices. The mechanism should therefore not only act as financial vehicle, but also promote successful models across the Pacific, which requires a flexible and adaptive approach.

A feasible financing mechanism will be open to locally feasible marine management and other actions and flexible enough to incorporate any lessons learned during its implementation.

It has been long established that marine and land-based ecosystems are connected and should be considered and managed in an integrated manner. The ridge-to-reef approach is an example thereof. **Feasible financing mechanisms will consider land and marine ecosystems in an integrated manner and be centred around the active management of marine resources.**

3 Social feasibility

The Pacific is extremely culturally diverse, as exemplified by the more than 1,000 languages spoken.

Customs and community structures can be very diverse, and a narrowly defined financing mechanism might not be able to accommodate various social structures and customs.

Therefore, feasible finance mechanisms will empower communities, being flexible with regards to their social structures.

4 Replicability

Achieving broader coverage of feasible mechanisms requires considerations around their replicability within countries, but also in the region. As highlighted previously the data for community managed marine areas is limited, partially outdated and not consistent between countries.

Therefore, any replicability approach based on community characteristics comparison between communities will likely not succeed.

In the context of currently limited information about CMMA's a feasible replicable financing mechanism should be geared towards gathering and distributing information rather than assuming its availability.



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