

Finance Earth: First Report on Implementation of the Sustainable Blue Economy Finance Principles



Prepared for UNEP Finance Initiative

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VAT Number: 260 626 221. Registered office: W106 Vox Studios, 1 Durham Street, SE11 5JH.
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registration number: 831569.

Introduction

Finance Earth is a signatory to the UNEP Sustainable Blue Economy Finance Principles. Through our participation in this initiative, we want to demonstrate our commitment to mobilising more finance for SDG14, one of the most underfunded SDGs to-date.

Below, we have provided a snapshot of some of the projects we have been working on that aim to accelerate the transition towards the sustainable use of the world's ocean, sea and marine resources, through developing practical innovative financing solutions aligned to the UNEP Sustainable Blue Economy Finance Principles.



A blue economy incubator for coastal communities

Finance Earth is working with the World Wildlife Fund (WWF) to develop a tailored incubator programme that will deliver highly targeted investment readiness support to sustainable blue economy projects in the South West Indian Ocean (SWIO) seascape. Finance Earth and the WWF Kenya team have developed a business plan for the first incubator pilot project, seeking to install solar powered ice flake machines as a sustainable and affordable cooling solution for small-scale fishers in Kenya, in order to reduce the incidence of high post-harvest losses in the region. The delivery of this pilot will provide an opportunity to test and refine the incubator concept before it is then scaled to a larger cohort of projects. The ultimate aim is to deliver transformational finance for sustainable blue economy livelihoods across the SWIO seascape, as well as enhance the capacity of local and international environmental organisations to navigate conservation finance solutions.

Finance Earth is working with key partners including WWF and SWIOTuna to develop the incubator under the 'Our Blue Futures' multi stakeholder initiative, endorsed by the Nairobi Convention COP 10.

The project supports a number of the UNEP's Blue Economy Finance Principles, including:

- "Protective": The incubator programme seeks to develop sustainable blue economy enterprises that restore, protect and maintain diverse, productive and resilient marine ecosystems and in turn, the communities that rely on them.
- "Inclusive": The incubator programme is looking to build sustainable blue economy enterprises that drive economic growth and sustainable livelihoods for coastal communities including diversified income opportunities to support small scale fishers and women.
- "Purposeful": There is significant public and private finance being targeted at coastal development over the next decade which could further exacerbate the biodiversity crisis if not directed towards sustainable development pathways. The proposed incubator will both develop a pipeline of sustainable opportunities that positively impact marine and coastal ecosystems as well as provide a structure to deliver funding and investment into such sustainable opportunities.

- “Solution-driven”: The innovative incubator model is able to deliver tailored financial and technical assistance support into a marine and coastal focussed portfolio of projects.
- “Partnering”: The multi-stakeholder approach to designing and delivering a tailored incubator programme aims to unite public and private financiers, eNGOs and coastal community under a common goal to accelerate progress towards a sustainable Blue Economy and improved livelihoods and resilience of coastal communities.



Financing blue forest ecosystems

Finance Earth has been working with WWF to support the development of WWF’s 10-year strategy for safeguarding blue forest ecosystems (mangroves, seagrass meadows, macroalgae and saltmarshes) and ensuring the financial sustainability of projects by identifying opportunities to leverage new revenue streams via the valuable ecosystem services provided by blue forests. The strategy aims to channel \$500 million of investments in support of high quality blue forests projects by 2030. Finance Earth explored a pipeline of conservation and restoration projects and carried out a market scoping exercise to identify sustainable financing mechanisms to catalyse investment into blue forest ecosystems.

The project supports a number of the UNEP’s Blue Economy Finance Principles, including:

1. Protective: the project supports the restoration as well as the protection of blue forests.
5. Inclusive: the project takes a community-centred approach and supports and enhances local livelihoods linked to the blue economy, including through capacity-building.
6. Cooperative: the project aims to identify the barriers to financing and ensure better cooperation with finance institutions to increase investment in blue forests restoration.
8. Purposeful

We will endeavour to direct investment / banking / insurance to projects and activities that contribute directly to the achievement of Sustainable Development Goal 14 (“Conserve and sustainably use the oceans, seas and marine resources for sustainable development”) and other Sustainable Development Goals especially those which contribute to good governance of the ocean. Yes, the project outlined proposals and recommendations for the most appropriate financing mechanisms to increase finance for blue forests.

9. Impactful: through innovative financing mechanisms, the project aims to secure long-term revenue streams for beneficiaries, helping to ensure the long-term sustainability of projects that have both social, environmental and economic benefits
10. Precautionary: project partners operate according to a set of strong socio-environmental safeguards to limit the risks of negative impacts from its activities.
12. Solution-driven: the project worked to identify revenue models for blue forest ecosystems and foster the business case for such projects.
13. Partnering: the project takes a multi-stakeholder approach to deliver on its objectives and ensure sustainable results.



Fisheries Improvement Programmes (FIPs)

Finance Earth is working with the World Wildlife Fund (WWF) to develop a scalable financing model to accelerate the roll-out of Fishery Improvement Projects (FIPs) worldwide; a proven approach to increasing the sustainability of commercial fisheries. The project aims to develop and launch a pilot FIP funded through an innovative new financing mechanism centred on a volume-based fee paid by off-takers of marine products, before scaling this approach through a new Fishery Improvement Fund.

Finance Earth and WWF are working with a range of partners including:

- Some of the world's largest aquaculture feed manufacturers
- Major US retailers
- Charitable foundations
- Industry bodies and membership organisations
- Academics

The project has developed a viable financing model, and is working with partners towards launch of a pilot FIP for this new approach.

The project supports a number of the UNEP's Blue Economy Finance Principles, including:

- "Protective": FIPs are a proven approach to both increase the sustainability of commercial fisheries, thus protecting fish stocks, and reduce the broader environmental impact of commercial fishing, thus protecting species caught as by-catch and broader marine ecosystems that can be endangered by intensive fishing practices.
- "Systemic": The financing model developed through the project provides an opportunity for any marginal costs associated with more sustainable fishing practices to be embedded within production costs, thus promoting a systemic shift towards sustainable practices throughout the value chain, from fishery to end consumer.
- "Inclusive": The UN estimates that around 60m people are employed in the fishing and aquaculture sectors worldwide: by improving fishery sustainability, FIPs play an important role in safeguarding and enhancing these local livelihoods.
- "Solution-driven": The innovative funding model delivers a commercially viable solution to longstanding funding problems that are holding back broader roll-out of FIPs, offering exciting potential for scaling and replication.
- "Partnering": The project brings together a range of private and philanthropic organisations, by uniting them around a common goal.

Designing a Blue Financing Facility for Bermuda's Blue Economy

Finance Earth has been working with the Bermuda Ocean Prosperity Programme ('BOPP') to design a Sustainable Blue Economy Finance Facility in Bermuda to mobilise the financing needed to support the implementation of Bermuda's Blue Economy Strategy.

Through supporting sustainable use of the ocean's natural capital, the proposed Facility seeks to deliver sustainable and inclusive economic growth, improved livelihoods, employment opportunities, and continued ecosystem health and resilience in Bermuda.

The project supports a number of the UNEP's Blue Economy Finance Principles, including:

- "Protective": the Facility will support those business opportunities that have a strong and positive impact on marine and coastal ecosystems
- "Inclusive": the Facility will support a range of sustainable blue economy businesses, with a focus on small fishers and on being gender responsive and inclusive
- "Solution-driven": The innovative funding model will deliver tailored incubation support and direct investment, depending on the investment-readiness stage of each different opportunity
- "Partnering": The project brings together a range of partners across business, government, banking and finance, and local organisations

Organisation Overview

Finance Earth is the UK's leading environmental impact investment advisor and fund manager, advising on the design and implementation of innovative financing solutions for the natural and built environment both in the UK and globally.

Finance Earth's mission is to redirect private capital into environmental impact investment to fill the \$300 billion p.a. global conservation funding gap. We achieve this through the design and application of commercial strategies to deliver positive financial, social and environmental outcomes. As a social enterprise, we have a profit lock ensuring that 51% of Finance Earth's profits are channelled back into the environmental sector and all our staff are paid at least the London living wage. We work with a broad range of clients and partners around the world, including governments, NGOs, social enterprises, aligned corporates and investors to identify and develop investable projects that aggregate, scale, and accelerate the delivery of appropriate capital to protect and enhance the environment.

Finance Earth's team has structured over £500 million of impact funds for environmental and social benefit. Through Finance Earth's work across the investment lifecycle, the team has significant experience in assessment and implementation of green and blue investment opportunities, covering a wide range of projects that enhance the natural environment and contribute to a low carbon economy. Finance Earth is a trading name of Environmental Finance Limited, which is authorised and regulated by the Financial Conduct Authority (registration number: 831569).



Finance Earth has the leading UK track record of designing combined environmental and social impact funds.



Finance Earth currently manages over £50 million of blended environmental impact funds.



Finance Earth's team has designed over £500 million of impact investment structures.



Finance Earth has strong stakeholder relationships with leading environmental organisations and investors.



Finance Earth has extensive experience in both innovative financing and natural capital asset management.



Finance Earth is a wholly employee-owned social enterprise, with 51% of profits being recycled in on-mission activities and investments.

For further information on the contents of this document, please contact:



hello@finance.earth

Telephone: +44 (0) 203 637 9834

Address:

Finance Earth, W106 Vox Studios, 1-45 Durham Street, London, SE11 5JH, UK

