

**BNCFF**

# PROJECT IMPACT REPORTS

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The Blue Natural Capital Financing Facility (BNCFF) supports the development of sound, investable Blue Natural Capital (BNC) projects with clear ecosystem service benefits, multiple income streams and appropriate risk-return profiles.

This score card is part of the final assessment of the projects supported by BNCFF (2019-2021). Each score card provides an overview of a particular project, details its achievements, its success and challenges, before presenting the way forward.

## Coast4C, Philippines



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Blue Natural Capital Financing Facility

## Project in a snapshot

Title	Coast4C - Philippines
Country	Philippines
Project developer	Coast4C
Vision	Integrate the world's largest supply chain for regenerative seaweed, benefiting the 4Cs of Communities, Commerce, Conservation and Climate.
Overall Project goals	Scale up regenerative seaweed farming activities linked to marine conservation activities, initially in the Danajon Bank reef system and northern Iloilo (Philippines)
BNCF supported activities	<ul style="list-style-type: none"> <li>• Establishment of a new legal entity Coast4C</li> <li>• Development of a financial model and business plan and advancement of fundraising</li> <li>• Establishment of 7.5ha of improved and ecological seaweed farming practices</li> <li>• 30 seaweed farmers trained in improved and ecological seaweed farming practices</li> <li>• Four legally approved MPAs</li> <li>• 752ha increase in MPA coverage</li> <li>• 205ha increase in no-take areas</li> <li>• 25ha increase in mangrove protection area</li> <li>• Explore carbon credit certification options</li> </ul>
Main stakeholders	<ul style="list-style-type: none"> <li>• Coast4C</li> <li>• Government of Philippines</li> <li>• Local cooperative of seaweed farmers</li> <li>• Responsible international buyers/markets to sign off-take agreement of seaweed products, may it be for carrageenan production, feed material or any other seaweed use.</li> <li>• Interested investors</li> <li>• Other stakeholders (Universities and research institutes, NGOs...)</li> </ul>
BNC focus	Regenerative seaweed farming supporting larger and more effective community-based MPA efforts through a model known as 'iMPA'.
BNCF funding duration	16 months (2019-2021)
Type of funding	Grant
Proof of concept	Coast4C builds on the decade – long and multi-award-winning Net-Works™ project in the Philippines run by of the Zoological Society London (ZSL). ZSL has 20 years of experience in community-based marine conservation particularly in the Philippines, both through Project Seahorse that ZSL co-founded and focused on marine protected areas, and through ZSL-Philippines.
Links/synergies	<ul style="list-style-type: none"> <li>• contributes to SDG 1 (No Poverty), SDG 2 (Zero Hunger), SDG 5 (Gender Equality), SDG 9 (Industry, Innovation and Infrastructure), SDG 10 (Reduced Inequalities), SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action), SDG 14 (Life Below Water), SDG 17 (Partnerships for the Goals).</li> <li>• contributes to climate mitigation and adaptation</li> <li>• opportunity to adhere to the IUCN Global Standard on NbS</li> </ul>
BNCF Blue Print	<u>Sustainable seaweed company – improving the marine environment and the lives of coastal communities</u>

## 1. Project summary

Coast 4C<sup>1</sup> aims to improve conditions of the Danajon Bank reef system (Philippines) and the people dependent on it, through a self-sustaining and locally driven enterprise that helps strengthen marine protection, addresses ocean plastics through the

collection of discarded fishing nets and provides commercially viable seaweed farming opportunities to local villagers. Coast 4C is a spin-off based on the decades-long and successful engagement of the Zoological Society London (ZSL) in the Philippines.

## 2. Purpose of the engagement with BNCFF

BNCFF's support has been sought in order to:

- complete the formal proof points in three sites, explore cost savings opportunities and mechanisms for improving revenue generation, and refine systems and processes that support an efficient supply chain ready for scale;
- attract and negotiate new corporate partners to find value add propositions for seaweed;
- get advice on appropriate legal structures for the project's spin out to identify tax efficient solutions and models that reduce overheads; and
- Explore IT or mobile technology options which can help improve systems and processes to reduce costs.



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1 The project was registered as Net-works in the BNCFF project pipeline.

### 3. Main outputs and results achieved with BNCFF support



#### BIODIVERSITY AND NATURE BENEFITS

- Eight legally approved 'iMPAs' that are 45 times larger than the national average.
- MPA coverage increased by 5,321 ha.
- No-take areas coverage increased by 2,188 ha.
- Mangrove protection area coverage increased by 181 ha.
- Three MPA guardhouses completed and turned over to the respective MPA Management Committees.



#### SOCIAL AND LIVELIHOOD

- 148 seaweed farmers trained and supported in improved and ecological seaweed farming practices.
- 41 MT dried seaweed bought at premium price.



#### LEGAL AND FINANCIAL

- A new legal entity Coast 4C was set up as a public company limited by guarantee (CLG) incorporated in Australia, with Board in place. Trading company legal implementation is underway.
- Legal implementation is underway in Philippines.
- Financial model and business plan have been completed and fundraising advanced.
- 5.5 ha of improved and ecological seaweed farming practices were established
- Zoned 214 ha for ecological seaweed farming - providing substantial area for scaling up seaweed production.
- 20 tonnes of dried seaweed exported in February 2021.
- 2 seaweed baling machines have been constructed and a hub has been upgraded, which should help the production.



#### GOVERNANCE AND TRANSPARENCY

- Best practices in transparency and local community engagement promoted throughout the effort.
- Improved gender equity as women are not only key constituency of seaweed farming, the local financing arrangements are based on local women-run micro-finance committee decisions that support family structures and community engagement.

### 4. Success and challenges

COVID-19 has posed a significant challenge to meeting the planned milestones, notably decimating local production due to lockdown restrictions that prevented access to seaweed farms. Despite this, the project has made significant strides forward which are testament to the strength of the team on the ground.

BNCFF provided critical support to Coast 4C through direct funding of capital expenditures for site-level infrastructure and for the operational costs required to get the seaweed business off the ground and to a scale where commercial transactions became feasible. BNCFF also brought indirect inputs such as conceptual support and knowledge transfer



on how best to develop the project in a way as to meet sustainability standards and attract impact investment. The project team managed to supplement the limited financial engagement of BNCFF into a much wider range of pro bono services and was able to transition the project from a unit inside - and supported by ZSL - into a broad-based, self-sustaining enterprise. The project now has the appropriate legal structure in place and discussions regarding its financial structure have significantly progressed, suggesting that Coast 4C will be able to attract new funding. BNCFF is delighted to continue to act as a trusted partner and advisor as this project successfully completes its transition

The project also directly trained 148 local seaweed farmers, providing most of them with input materials for sustainable practices, and has secured supply of new and improved seaweed cultivars. This created opportunities for family livelihoods based on an eco-seaweed farming approach that is sustainable and suitably de-risked, with potential claims that result from weather-driven losses submitted to the Philippines Crop Insurance Corporation (PCIC) with whom all participating seaweed farmers are registered.

Importantly, these farmers are now, thanks to the efforts of the project, connected to a seaweed supply chain. Collected seaweed is assembled, dried and then sold once commercial quantities (20 tons) are produced. The project is in direct contact with world-leading purchasers of seaweed to ensure that quality standards are met. By helping to develop new seaweed strains based on sexual reproduction of local wild spores, and in cooperation with leading scientists, it is hoped that superior yields will be reflected in better returns for local farmers.



Continued progress has been made in gazetting protected areas, with over 5,000 hectares of marine protected areas (MPAs) now in place, allowing biodiversity and fish biomass to recover. MPA ordinances were legally approved thereby establishing the iMPAs based on spatial plans developed and endorsed by the communities. Ordinances were endorsed by the MFARMC (Municipal Fisheries and Aquatic Resources Management Council) with strong recommendation by the Mayor for immediate approval. The area is then protected using guardhouses that BNCFF helped to fund, and which, together with the marker buoys, patrol work and equipment, ensure that these areas are effectively managed for nature as well as providing a safe and healthy portion of this space for seaweed production. The ecological seaweed farming zones act as an additional buffer for the MPAs as well as offering further fish and seahorse habitats.

Shortly after the completion of BNCFF support, Coast 4C was announced as a winner of the World Economic Forum UpLink and Friends of Ocean Action 'Blue Food Challenge'. Coast 4C was also selected by the Secretariat for the Convention of Biological Diversity (CBD) as one of 110 'Biodiversity Positive Actions and Practices Around the World' to be showcased at CBD COP15.

## 5. Looking beyond BNCFF



### BIODIVERSITY AND NATURE BENEFITS

- Increase iMPA areas under effective protection to over 20,000 ha, accounting for at least 10% of waters in target areas, by 2024
- Increase no-take 'replenishment' zones to 6,200ha by 2024
- Increase in mangrove protection area to over 700 ha by 2024
- Halt and reverse the declines of marine biodiversity in over 20,000 ha of iMPA by 2024
- Halve the contribution of over 30 coastal communities to marine plastic pollution by 2024



### SOCIAL AND LIVELIHOOD

- Increase over 1,000 small-scale fishers' seaweed income by 2024, halving poverty rates and food insecurity and reducing vulnerability to climate-related impacts.
- Increase access to financial services for over 4,000 small-scale fishing households by 2024.
- Increase gender equity in community-based marine management.



### LEGAL AND FINANCIAL

- Supplying over 2,500 MT of dried seaweed per year by 2024.
- Baseline mangrove Carbon sequestration: about 50,000 tCO<sub>2</sub>e avoided emissions per year by 2024
- Coastal communities making direct financial contributions to the management of their iMPAs through the innovative 'Environment Fund' in over 30 iMPAs by 2024.
- Localised biorefinery processing of seaweed to supply multiple value streams by 2024, including food, feed, fertilizer and bioplastics.
- Achieve break-even by 2024.



### GOVERNANCE AND TRANSPARENCY

- Guardian share model stewards and ensures mission and impact.
- Increase gender equity in marine management bodies.
- Part community-ownership model implemented by 2024.

Disclaimer: The BNCFF provides assistance to projects on their path to becoming sound, investable Blue Natural Capital (BNC) businesses with clear ecosystem service benefits, multiple income streams and appropriate risk-return profiles. Beyond the support provided, IUCN and the BNCFF donor(s) bear no responsibility for the development of these projects, their ultimate bankability or sustainability, their investors, donors, and funding arrangements, unless otherwise noted.

Photo courtesy by the Project Developer.

Since its launch in 2018, the BNCFF has become a global brand name in Ocean Impact Finance. After screening over a hundred proposals, it has supported a suite of blue Nature-based Solutions (NbS) pioneer projects with grant funding.

<https://bluenaturalcapital.org/supported-projects/>

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OF THE GRAND DUCHY OF LUXEMBOURG  
Ministry of the Environment, Climate  
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