

**BNCFF**

PROJECT IMPACT REPORTS

4

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.

# Oriental Mindoro Marine Protected Areas (MPA), Philippines



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Blue Natural Capital Financing Facility

### Project in a snapshot

Title	Oriental Mindoro Marine Protected Areas (MPAs) Project
Country	Philippines
Project Developer	Blue Finance
Vision	Structure impact investments in marine biodiversity conservation (coral reef), livelihood improvements and climate change resilience in the Caribbean and in SE Asia
Overall Project goals	Enforce a network of 9 Marine Protected Areas (MPAs) encompassing 5,200 ha in Oriental Mindoro (140km south of Manila).
BNCFF supported activities	<ul style="list-style-type: none"><li>• Development of Environmental and Social Performance indicators of conservation impacts, social impacts and management impacts</li><li>• Support the MPA management plans and Marine Spatial Plans (MSPs) processes</li><li>• Development of a Gender Action Plan (GAP)</li><li>• Marine protection system plan of the MPAs describing both law enforcement and compliance strategy, infrastructures and equipment, community partnership components, as well as planning and budget aspects</li></ul>
Main stakeholders	<ul style="list-style-type: none"><li>• Blue Finance</li><li>• European/Philippino consortium Blue Alliance</li><li>• A co-management Advisory Committee consisting of local government agencies, provincial government, NGOs, tourism, academic institutions and other key local stakeholders</li></ul>
BNC focus	Revenues from ecotourism, blue carbon revenues and other small-scale activities (aquaculture, fisheries) as part of MPA management
Duration	12 months (2020 - 2021)
Type of funding	Grant
Proof of concept	Blue Finance concluded several similar deals in the past, including one deal in Belize for one of the largest Marine Protected Areas in the Caribbean (130,000 ha)
Links/synergies	<ul style="list-style-type: none"><li>• Contributes to SDGs 14 (Life Below Water), 1 (No Poverty), 8 (Decent Work and Economic Growth) and 13 (Climate Action)</li><li>• Contributes to climate adaptation and mitigation</li><li>• Strives towards IUCN Global Standard for NbS</li></ul>
BNCFF Blue Print	<u>MPAS under collaborative management contracts with non-profit/third sector</u>

## 1. Project summary

BNCFF supported the social enterprise Blue Finance's project in Oriental Mindoro, which aims to manage a network of 9 MPAs encompassing 5,200 ha in Oriental Mindoro, approximately 140km south of Manila, Philippines. Bringing all stakeholders together, the project creates an attractive blended finance investment opportunity to finance capital expenditure to improve MPA financial sustainability and the effective management of coral reef and natural resources.

The project involves setting up a portfolio of innovative eco-tourism programmes for the MPA visitors (i.e. divers, snorkelers, etc.) as well as a visitor centre that informs and educates tourists in an interactive way while generating profits through entrance fees. In addition, the project has started a blue carbon certification process for its mangrove

conservation and restoration activities. Proceeds from both sources shall be used to improve MPA management and to enforce environmental legislation with the final aim of:

1. Preventing damaging fishing behavior;
2. Improving water quality; and
3. Creating livelihoods for local people through job creation and more equitable sharing of profits from nature.

The project presents an innovative and scalable approach that uses catalytic and development finance to mobilise commercial impact finance into MPAs to strengthen natural resource management, improve food security, promote sustainable development and enhance climate change resilience.

## 2. Purpose of the engagement with BNCFF

The BNCFF has contributed to removing some of the investment barriers and supported the project in its development; to move from its preparation phase into a financing phase. This is of particular importance in those sites that are potentially attractive to a broader audience of tourists, with the risk that development pressures will lead to a

trade-off between marine protection and tourism. By helping to strengthen co-managed MPA related projects in those locations, solid MPA management rooted in sound science can be achieved. These MPAs are not perceived as a burden to development but rather as the key drivers to a sustainable and climate resilient development path.

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



#### BIODIVERSITY AND NATURE BENEFITS

- Environmental Performance indicators designed.
- Management plans and Marine Spatial Plans (MSPs) processes supported.
- Marine protection system plan of the MPAs designed.



#### SOCIAL AND LIVELIHOOD

- Social Performance indicators designed.
- Gender Action Plan (GAP) designed.



#### LEGAL AND FINANCIAL

- Legal and administrative steps necessary for the financial preparation of the non-profit Special Purpose Vehicle (SPE) Blue Alliance have been initiated.
- Four Local Government Units (LGUs) (Baco, Calapan, Puerto Galera and San Teodoro) have signed the lease agreement for the co-management of their MPAs (9 MPAs in total) with Blue Alliance.



#### GOVERNANCE AND TRANSPARENCY

- Progress has been made on the initial implementation strategy for the user fees, the design of eco-tourism approach in Puerto Galera and Calapan, the concept design of the visitor centre as well as securing an attractive location with owners of the private land.



## 4. Success and challenges

The project faced several delays due to the COVID-19 pandemic. Whilst time will be required for the tourism sector to recover (anticipated 2023-2024), the project implemented mitigation actions such as targeting resilient market niches for the business model including national (less restrictions) and high-end tourism, developing nature-based tourism (more acceptance of over-costs due to safety measures) and diversifying revenues through blue carbon, mangrove crab farming and fishery.

The BNCFF support has been used for project design and execution - ensuring high quality, strengthened metrics for environmental and social impacts, and enabling the project to meet the investor's criteria. The BNCFF support thus contributed to structuring a blended finance facility (US\$10M target) for MPAs in the Philippines.

In terms of attracting investments, the project has secured/is securing the following:

- US\$0.7M soft committed from Mirova-Althelia through the Sustainable Ocean Fund;
- US \$350k initial funding from the Global Fund for Coral Reefs (GFCR); and
- An 18 months grant from Convergence-RS Group has been secured to complete design and structuring activities of a US \$50M Blended Blue Finance Facility (BBFF) for effective management of Marine Protected Areas in South East Asia.

In the absence of the BNCFF support, the project would have required to delay all activities until other fundraising activities would successful to cover all budget needs. The support allowed for relatively quick action, which is important as the government, investors and local stakeholders were ready to act on this initiative.



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## 5. Looking beyond BNCFF



### LEGAL AND FINANCIAL

- The legal and administrative steps necessary for the financial preparation of the non-profit SPE Blue Alliance (e.g. business tax registration, bank account, local authorizations) will need to be completed.
- Further work is needed on the high-level business plan for the investors (including bench marking survey, price market survey, baseline matrix of operational costs, and architectural requirements for the visitor centre).



### GOVERNANCE AND TRANSPARENCY

- The Stakeholder Advisory Committee (SAC) for each Local Government Units (Calapan City, Baco, San Teodoro, Puerto Galera) that will provide guidance to the Blue Alliance need to be established.
- Blue Finance is looking at designing similar co-management arrangements in Calamian Island (Palawan province) with 4 local governments for their MPA network.
- The management team is progressively being expanded. The Director, Commercial Manager, Fishery Officer, communications team and a selection of community rangers have been recruited. A Scientific Officer, a chief-ranger, more rangers and back office staff will be incorporated during the next 6 months.
- The implementation of the workplan document, which has been put together on the priority activities that have already started or are programmed until 2022 will be pursued.

**Blue finance**

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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Ministry of the Environment, Climate  
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