

# ROUNDTABLE SERIES ON SUSTAINABLE FINANCING FOR MARINE CONSERVATION

INTRODUCTION TO CONSERVATION  
FINANCING

CSF ANALYTICAL NOTE EDITION 1  
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## Session Background and Overview

Sri Lanka's marine ecosystems are of immense ecological and economic significance. Ecological conservation sites rely on financial planning and effective management. As Sri Lanka begins to emerge from its economic crises with persisting fiscal pressure, conservation will require innovative financing solutions. However, accessing financing solutions can only be achieved if stakeholders agree on the issues, limitations, mechanisms, design of instruments, and outcomes of conservation. For this, there needs a collaborative approach among government officials, the private sector, and civil society stakeholders.

The Centre for a Smart Future (CSF), in partnership with Blue Resources Trust (BRT), launched a Roundtable series in 2023 aimed at enhancing knowledge on sustainable and innovative financing for marine conservation, as part of a project funded by the Oceans5 consortium. The Knowledge Roundtables bring together stakeholders from relevant diverse disciplines and organisations to bridge the gaps in understanding and application, and the gaps between theoretical design and practical considerations.

The first Knowledge Roundtable, held in October of 2023, on 'Introduction to Conservation Financing' marked the beginning of the series dedicated to deepening our understanding of marine conservation financing and fostering collaboration among diverse stakeholders. This interdisciplinary initiative brought together government officials, private sector representatives, marine scientists, bankers and finance specialists, researchers, civil society groups, and international organisations.

This analytical note captures the key insights and discussion points from this session to provide a wider audience with access, and to serve as a free resource and reference point for other engagements in this space.

## DISCUSSION POINTS

### The Need for Tailored Solutions

- Sri Lanka's unique constraints, encompassing size, occupation, and heavy dependence on marine resources entail a significant need to tailor financing tools to fit site-specific needs.
- The government needs assistance to identify investable project pipelines and recognise instruments with the highest potential for localisation.
- There is a need for a strategic shift from macro-level discussions to in-depth, site-specific considerations to enhance the implementation of conservation strategies.
- Profitability may not always align with restoration efforts, posing a challenge from an investment perspective. To address these challenges, a multi-sectoral and collaborative approach is crucial.

### Government buy-in

- There is a critical need to secure government buy-in to fulfil global obligations.
- Public-private partnerships could be central to securing long-term funding.
- The expertise in Sri Lankan universities, particularly in Marine, Fisheries, and Wildlife, could play a pivotal role in fund management.

### Community Involvement

- Securing long-term sustainability for livelihoods through sustainable revenue models should be an essential component of selected financial instruments.
- Communities need to be empowered to ensure that they aren't passive recipients of funds but active participants in fund generation and distribution.
- In the context of the possible exclusion of local communities, efforts should be made to avoid restrictions on a community's use of coastal ecosystems for indigenous purposes.
- In declaring Protected Areas, we need to weigh possible conservation benefits against impact on livelihoods.

### The Potential of Blue Carbon initiatives

- There is potential for blue carbon initiatives in Sri Lanka. However, land tenure and the lack of government support pose significant barriers.
- Project developers keen on Mangrove restoration, especially in abandoned shrimp farms on the Northwest coast face hurdles due to the extended nature of the projects.
- Approval for carbon credit schemes has been put on hold. Sri Lanka plans to preserve its carbon credits for future use. By prioritising self-sufficiency, it aims to leverage credits to offset emissions rather than buying from other countries.
- The lack of agency from government institutions and the current volatility in Sri Lanka presents significant obstacles. State-owned land complicates credit ownership and trading in Sri Lanka's market, while the diversity of Sri Lanka's ecosystem makes offsetting complex.

## CORE INSIGHTS

### **Why is alignment of financial incentives crucial in marine conservation?**

- Financial incentives should be aligned with effective systems and the empowerment of various actors involved, extending from on-site personnel to the central office.
- This approach aims to create a chain of command that allows decision-makers at different levels, including those at the field level, to have a certain degree of autonomy, not only in their daily activities but also in financial decision-making.
- The goal is to encourage a more empowered and autonomous approach to decision-making within the conservation framework.
- Adaptive management is important for addressing dynamic changes in protected areas, and the alignment of incentives towards specific conservation outcomes is essential.

### **What are some key things to consider when trying to create incentives to empower conservation efforts?**

- Financial incentives are tools that enable action toward specific outcomes, encouraging sustainable economic activities within protected areas.
- There is a need for diverse sources of funding to avoid dependency on a single channel.
- It is important to demonstrate the value of conservation services on a larger scale, considering operational efficiencies, and conducting cost-benefit analysis.

### **What are the recommended steps forward in addressing challenges related to marine conservation financing?**

- Exploring initiatives from other countries that have overcome similar challenges through modern financing through models like Conservation Trust Funds.
- These models provide a way to break away from the traditional difficulties conservation managers face in having control over their finances.
- Explore alternative financing instruments that can empower local managers to have more autonomy over spending and contribute to conservation efforts effectively.
- Focusing on specific projects or financing mechanisms could yield more buy-in and consistency over time.

## RESOURCES TO GET STARTED

RESOURCE	ORGANISATION	USE
<a href="#">A New Project on Innovative Financing for Sustainable Marine Conservation in Sri Lanka</a>	Centre for a Smart Future	Introduction to CSF and BRT's advocacy and research project on innovative financing for sustainable marine conservation.
<a href="#">Financing Conservation: Six Mechanisms Sri Lanka Should Know About</a>	Centre for a Smart Future	Overview of financial instruments and their implications for Sri Lanka.
<a href="#">'Conservation Trust Funds' Knowledge Primer</a>	Centre for a Smart Future	Introduction to Conservation Trust Funds.
<a href="#">'Blue Bonds' Knowledge Primer</a>	Centre for a Smart Future	Introduction to Conservation Blue Bonds.
<a href="#">Financing Marine Conservation Part 1</a>	Centre for a Smart Future	Introduction and overview of innovative financing mechanisms by Lucy Emerton, CSF and BRT's technical advisor.
<a href="#">Financing Marine Conservation Part 2</a>	Centre for a Smart Future	Overview of the integral role of finance in Marine Conservation.
<a href="#">Financing Marine Conservation Part 3</a>	Centre for a Smart Future	Overview of the potential application of financial instruments in Sri Lanka.
<a href="#">Applying Innovative Financial Instruments to Marine Conservation in Sri Lanka</a>	Centre for a Smart Future	Matrix to better understand the relevance and usage of different financial instruments in Sri Lanka.
<a href="#">Conservation Finance for Coral Reefs</a>	Vibrant Oceans Initiative	Reviews a broad range of finance solutions related to coral reef conservation.
<a href="#">Sustainable Blue Economy Finance Principles</a>	United Nations Environment Programme Finance Initiative	Overview of the foundational principles of investing in the ocean economy.
<a href="#">Financing the Blue Economy</a>	United Nations Environment Programme Finance Initiative	Overview of the Blue economy financing gap.

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<a href="#">Guidelines for Blue Carbon and Nationally Determined Contributions</a>	The Blue Carbon Initiative	Guide to including blue carbon in Nationally Determined Contributions.
<a href="#">Blue Carbon: Mind the Gap</a>	Gallifrey Foundation	Summary of the key challenges to the development and replication of blue carbon projects and proposals for specific comprehensive action.



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