

# ROUNDTABLE SERIES ON SUSTAINABLE FINANCING FOR MARINE CONSERVATION

INTRODUCTION TO CONSERVATION  
FINANCING

CSF ANALYTICAL NOTE EDITION 2  
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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 second Knowledge Roundtable, held in January of 2024, comprised two insightful sessions featuring key participant Hakshala David of the UNDP, presenting the UNDP's progress on the Marine Spatial Plan, and Lucy Emerton, CSF and BRT's technical advisor, sharing insights into building a business case for marine and coastal conservation. 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

### Active Community Participation

- Allocating funds to effectively mitigate the impacts on livelihoods would require a focus on small-scale efforts.
- A good example of community involvement comes from the Philippines. With a long history of active community engagement during the planning process, the Philippines has managed to avoid further community marginalisation by addressing structural constraints.

### Building Capacity

- Most countries further along in sustainable development have environmental authorities that have expanded their scope beyond traditional boundaries, extending collaborative efforts across different actors, including government bodies, civil society, research agencies, and international organisations.
- Given the distinct mandates of relevant agencies, the predominant challenge in building capacity within government agencies in Sri Lanka involves bridging the gap between economic and conservation perspectives. Despite historical divergences, there has been positive traction since the beginning of this year.

### Private Sector Participation

- While there is substantial potential for private sector funding, challenges in land ownership, credit distribution, and a gap in state interest hinder the readiness of state agencies to facilitate these efforts.
- There are two distinct models that facilitate private sector funding; CSR and market-driven approaches. CSR is money that gets carved out of shareholder dividends from companies that may not have a conservation focus, so the funding is finite in both scope and time. The second model focuses on market-driven approaches, channeling conservation funds into creating sustainable products or economic activities that generate a market. Short-term funding may not lead to sustainable outcomes but market-based approaches could channel money into a mechanism that could be more sustainable.

### Government Involvement

- The centralisation of government systems, particularly in the GIS domain, is crucial to ensure that information is accessible. Despite the existence of publicly available information, there are challenges in its sharing. UNDP is working towards integrating this information for accessibility and transparency.
- The government has to play a central coordinating role in consolidating efforts to establish a blue financing facility. It has currently entrusted identifying various components to the National Planning Department. The UNDP and other development partners will focus on providing support in financing once the different facilities are identified.
- The government is considering zoning as a prerequisite for various financial instruments, particularly sovereign instruments.

## **Demonstrating Economic feasibility**

- Our financial plans need to make economic sense for those who depend on the marine environment. We have to refine mechanisms so that they capture these values.
- Every stakeholder doesn't need to understand the economic value of a coral reef, but they need to understand that there is more economic gain to be made from sustainable blue economy enterprises.
- Financial instruments in conservation, though theoretically feasible, require a return on investment, often leading to a focus on financially viable sectors like ecotourism and sustainable fisheries. The challenge is to create economically feasible project pipelines for conservation.

## **CORE INSIGHTS**

### **How do we develop bankable marine conservation plans which meet conservation goals?**

- Plans need to demonstrate economic gain from marine conservation which necessitates considering the relative costs and benefits to stakeholders and those most dependent on the marine environment.
- Operationalising plans, like the marine spatial plan or Bar Reef MPA management plan, requires making a case for investment, which addresses multiple dimensions of financial sustainability.
- The challenge extends to site-level planning, where solutions need to be tailored to meet local-level needs while aligning with broader conservation goals.
- Conservation plans, therefore, should integrate sustainable finance into the marine planning process.

### **Why must financial plans go beyond presenting numbers in marine conservation?**

- Simply presenting numbers is insufficient; it is crucial to show how specific actions, like converting land for a shrimp farm, impact downstream users and the overall economy.
- Financial plans need to consider the distribution of costs and benefits, addressing the imbalance where those receiving the greatest benefits often don't contribute to conservation costs.
- Implicit or indirect opportunity costs should also be considered, especially if borne by underfunded government departments and economically marginalised land and resource users.
- The financial constraints within the blue economy and marine conservation extend beyond simple numerical figures. This includes considerations of how marine conservation agencies allocate and spend money, generate and administer funds, calculate budgets, and link conservation to other mandates. Pouring more funds into Marine Protected Areas (MPAs) won't be effective unless the structural financial constraints to effective management are addressed.

## What considerations should be addressed for effective finance management supporting the blue economy and marine conservation?

- It is crucial to examine incentives, ensure efficient financial systems, and empower capacity among marine managers. Incentives are essential for sectors and actors dependent on the marine environment, requiring the integration of financial plans into other planning frameworks.
- The challenge lies in navigating the small scale, where money from larger donors often doesn't trickle down, and funding capacities and capabilities vary.
- It is imperative that we address the need for capacity empowerment for marine managers to ensure the effective utilisation of funds.

## 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.

RESOURCE	ORGANISATION	USE
<a href="#">Diving Deep into the Blue: A case for a Marine Spatial Plan for Sustainable Blue Economy in Sri Lanka</a>	United Nations Development Programme	Introduction to UNDP's work on the Marine Spatial in Sri Lanka.
<a href="#">Marine spatial planning for sustainable oceans in Viet Nam</a>	United Nations Development Programme	Introduction to UNDP's work on the Marine Spatial in Viet Nam.
<a href="#">Sri Lanka's Blue Economy</a>	United Nations Development Programme and The Lakshman Kadirgamar Institute of International Relations and Strategic Studies	A position paper which outlines the importance of a sustainable approach to the marine-based economy and necessary policy steps needed to blue economic development.
<a href="#">Strategic Action Programme: Bay of Bengal Large Marine Ecosystem (2015)</a>	Food and Agriculture Organization of the United Nations and The Global Environment Facility	Regional Strategic Action Plan which received funding approval for operationalisation but lacked resonance beyond specific sectors and alignment with broader development goals, which eventually hindered buy-in.
<a href="#">Assessing, demonstrating and capturing the economic value of marine &amp; coastal ecosystem services in the Bay of Bengal Large Marine Ecosystem</a>	Food and Agriculture Organization of the United Nations	The report assesses the economic value of marine and coastal ecosystem services in the Bay of Bengal.
<a href="#">The impacts of shrimp farming on land-use and carbon storage around Puttalam Lagoon, Sri Lanka</a>	Ocean & Coastal Management	Opportunity cost of land use for shrimp farms and loss of carbon sequestration services in Puttalam
<a href="#">Valuing Ecosystems as an Economic Part of Climate-Compatible Development Infrastructure in Coastal Zones of Kenya &amp; Sri Lanka</a>		Conceptual framework for integrating ecosystem values into climate-compatible development planning.
<a href="#">Sustainable Financing of Protected Areas in Myanmar</a>	Wildlife Conservation Society (WCS) Myanmar	The report identifies needs, niches and entry points for strengthening PA financial sustainability, and reports on a strategic review carried out to support the development of a sustainable finance strategy for Myanmar's PA network.

## RESOURCE

[Myanmar Environmental Financing Status and Trends: Updates of Expenditures, Income and Funding Sources](#)

## ORGANISATION

Wildlife Conservation Society (WCS) Myanmar

## USE

The report produces a qualitative and quantitative assessment of the current budgets, funding and financial status of the conservation spending by the Myanmar Government and international donors.



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