

THE BLUE FINANCE PROJECT

An example of public-private partnership

The Blue Finance (BF) project aims to develop and assist in the implementation of long term and sustainable non-public financing for marine conservation areas in a number of locations the Eastern Caribbean. A similar approach will be taken in each site with the focus being on developing co-management business models with the private sector and balancing the financial bottom line with conservation objectives. By doing so, the project addresses Aichi Target 20 through the mobilization of financial resources for effectively implementing the management plans of integrated coastal management (ICM). The project is supported by the United Nations Environmental Programme (UNEP), Blue Solutions, GRID-Arendal, and the Organisation of American States (OAS).

The overall objectives of the Blue Finance project are to:

- i. Design the most effective and non-public financial instruments for marine conservation, in order to ensure long term, sustainable financing and adequate management
- ii. Provide technical advice for the implementation of the successful financing instrument

Public-private partnerships (PPPs) are a specific type of financial arrangement that addresses some of the limitations of public funding for conservation projects, such as fluctuating budgets based on Governments' or other donors' changing priorities and objectives. There are several advantages of a PPP approach, including the flexibility to set fees and charges, establishing funding mechanisms such as concessions, responding to customer needs, the ability to retain the money earned (which gives a resulting incentive to generate funds through greater entrepreneurship), and the freedom to implement staffing policies based on efficiency and market salaries (Delmon, 2010).

In Barbados, a proposal has been put forward for the designation of the Barbados Marine Management Area (BMMA), which will encompass approximately 20 km on the west and south coasts of the island. The Blue Finance team has highlighted a financial gap between what is required to finance these conservation areas and the current conservation budget. The identification of the needs, the sectors that will benefit, who can pay for these benefits and what financial instruments can be used, have formed key components of the first phase of the project. A co-management scheme through an Operation & Maintenance Agreement has been identified as the preferred means of management of the BMMA. The private sector will provide the majority of the required funds to improve and manage the area on a daily basis, while the public sector would continue with its core functions (e.g. monitoring and enforcement roles) and receive an annual fee from the private operators.

The St Kitts Blue Finance project is in its initial phase, and will follow a similar path as that in Barbados. The Marine Resource Department is proposing the establishment of the St. Kitts and Nevis Marine Managed Area (SK-NMMA). This will encompass a two (2) miles radius from the coastline of St. Kitts and Nevis. Blue Finance has been proposed to be included in the Cabinet paper for designation (as in Barbados), as a means of determining the most effective means of providing long term, sustainable, non-public funding for the management areas.

The results from the implementation of the three cases will demonstrate the potential of these innovative types of financial instruments in a coral reef setting, and their application will also be considered prior to larger scale projects and replication in other countries. The lessons learned from Blue Finance will also contribute to updating existing guidance on PPPs, tourism concessions and Payment for Ecosystem Services (PES) to support their increased use in coral reef areas.

