East Asian Seas Congress 2018

6.2 Filling the Pipeline: A Sustainable Ocean Investment Ecosystem for the Seas of East Asia

The Growing Ocean Investment Ecosystem in East Asia

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Building on Decades of Donor Support

Over 25 years donors have contributed to:

i. Supporting regional scientific assessments
ii. Establishing regional institutional mechanisms
iii. Developing regional Strategic Action Programmes

• **SDS-SEA recognized for its potential** as a mechanism for reducing investment risks, providing the private sector with more certainty for longer-term commitments and accountability frameworks for sustainable development

• Generally, the problems are recognized, the solutions are known and the **capital is available**

• Need pipelines of “bankable” **projects** that offer viable investment models and contribute to sustainable regional economic development
Groundwork for Sustainable Investment

2015 PEMSEA report examined over US$10 billion in flows of funding to ICM / blue economy investments in East Asia
Cannot address sectors in isolation, follows principles of integrated coastal management

1. Coastal Transport
2. Ecotourism / Sustainable Tourism
3. Marine Energy
4. Fisheries & Food Security
5. Habitat Protection, Restoration & Management
6. Pollution Reduction & Waste Management
7. Water Use & Supply Management
8. Natural / Man-made Hazard Prevention & Management
9. Enterprise & Livelihood Development
Potential Sources and Uses of Funding

Blended sources of finance (loans, equity, grants, hybrid)
- Impact Investment Funds
- Multilaterals and Bilaterals
- Foundations and Charitable Institutions
- Public and Private Grants
- Private Equity or Debt Funds
- High-net worth individuals
- Companies (CSR, strategic investment)

Primary Target Sectors
- Sustainable tourism / Habitat protection
- Sustainable fisheries and aquaculture
- Solid waste management, marine debris and ocean plastics
- Wastewater management and resource recovery
- Climate smart development and coastal resilience
- Ocean-based technology (e.g., marine renewable energy, ICT, environmental services, etc.)

Potential uses of capital
- Seed Capital
- Growth Capital
- Working Capital
- Capital Purchases
- Trade Financing
- Project Financing
Emerging Funds and Facilities

CIRCULATE CAPITAL

THE MELOY FUND

Blue Natural Capital Financing Facility

ROCKEFELLER & CO.

The Ocean Foundation

althelia ecosphere

natureVest

The Nature Conservancy

encourage capital

CONSERVATION INTERNATIONAL
Support Needed for Investors

Opportunity to leverage a regional network of governments, research and science institutions, international and donor agencies, regional programmes, NGOs and companies to identify pipeline investment opportunities

- Understanding political context, local risks and guidance for engaging LGUs for effective functioning of investments
- Identifying opportunities for aggregation, alignment and collaboration with other programs and investments in the region
- Structuring and monitoring for sustainability and impact
- Tapping into networks and governance structures on the ground in ICM sites, including local expertise
- Ensuring delivery of due diligence and environmental, social and community benefits
Support Needed for Project Proponents

Assist local government through a holistic approach, evaluating the fit of potential solutions and helping to navigate the process and derive benefit

• Identify investible projects that address priority management concerns

• Assess business and financial models and connect with a network of experts to help develop investible projects and complete feasibility studies

• Tap into a growing pool of interested investors, matching with the right investor requirements and investment capital, including blended finance

• Assistance with promotion and negotiation of investments

• Ensure integrated, regional perspective enabling sharing of expertise, de-risking and implementation of proper environmental and social safeguards
Early Lessons Learned

- Investment in oceans viewed as riskier, find ways to reduce risks, particularly through effective governance, e.g., local management and enforcement capacity, zoning rules, property rights

- ICM can inform and guide the approach to ensure that development of investments is done holistically and sustainably

- Governments want to engage in the investment conversation, but may not know where to start. Buy-in from local stakeholders early in the process and full transparency throughout are crucial

- Commercially viable investment cases are out there, but they take time to identify and develop (esp. considering political processes)

- Persistent issues of scale and transaction costs
East Asia Ocean Investment Ecosystem

Project identification and Development

Identified potential investment projects
Regional coastal and ocean management programs
Regional networks: local governments, national governments, development partners, universities, companies, etc.
5) PREPARE INVESTMENT PROJECT PROFILE

If you believe that your project is potentially investible based on the rapid assessment and you would like to submit it to PEMSEA for evaluation, fill out and submit the form below. Please be sure to provide your contact details so that someone from PEMSEA can get back to you. If you have any questions about the form, please contact PEMSEA.

Project Title

Description

Development Objectives

Contact Details

Project Contact Name

Phone

Email Address

Ocean Investment Facility Project Submission Form

Project Name

Contact Information (person who submitted the project)
Name
Title
Organization
Project Category
Email
Phone
Skype

Project Overview
Please provide a short description of the project, its stage of readiness, and description of location (I attach a map if available)

Blue Economy Investment Category
- Oceans and Sustainable Fisheries
- Marine Renewable Energy
- Water Use and Water Supply/Management Infrastructure and Technology
- Low Carbon / Climate Smart Coastal Development
- Oceans and Ocean Technology: Biotechnology, Genomics, Data Analytics, Information Technology

Sustainable Development Goal (SDG) Contribution
- SDG 11: Sustainable Cities and Communities
- SDG 12: Responsible Consumption and Production
- SDG 5: Gender Equality
- SDG 6: Clean Water and Sanitation
- SDG 7: Affordable and Clean Energy
- SDG 8: Decent Work and Economic Growth
- SDG 9: Industry, Innovation and Infrastructure
- SDG 10: Reduced Inequality
Partnership for Pilot Investment Cases