



Planet Tracker

**Rewarding Conservation
Efficiency in Marine
Protected Areas**



Convention on
Biological Diversity

28 March 2022

Who **we are**

Planet Tracker is a non-profit sustainable finance think tank.

Planet Tracker is part of the Investor Watch Group:



Created to investigate the **financial risks and opportunities** related to environmental limits.

Producing research aimed at the finance community to facilitate better informed investment decisions.

Agenda

01

Why are MPAs Struggling?

02

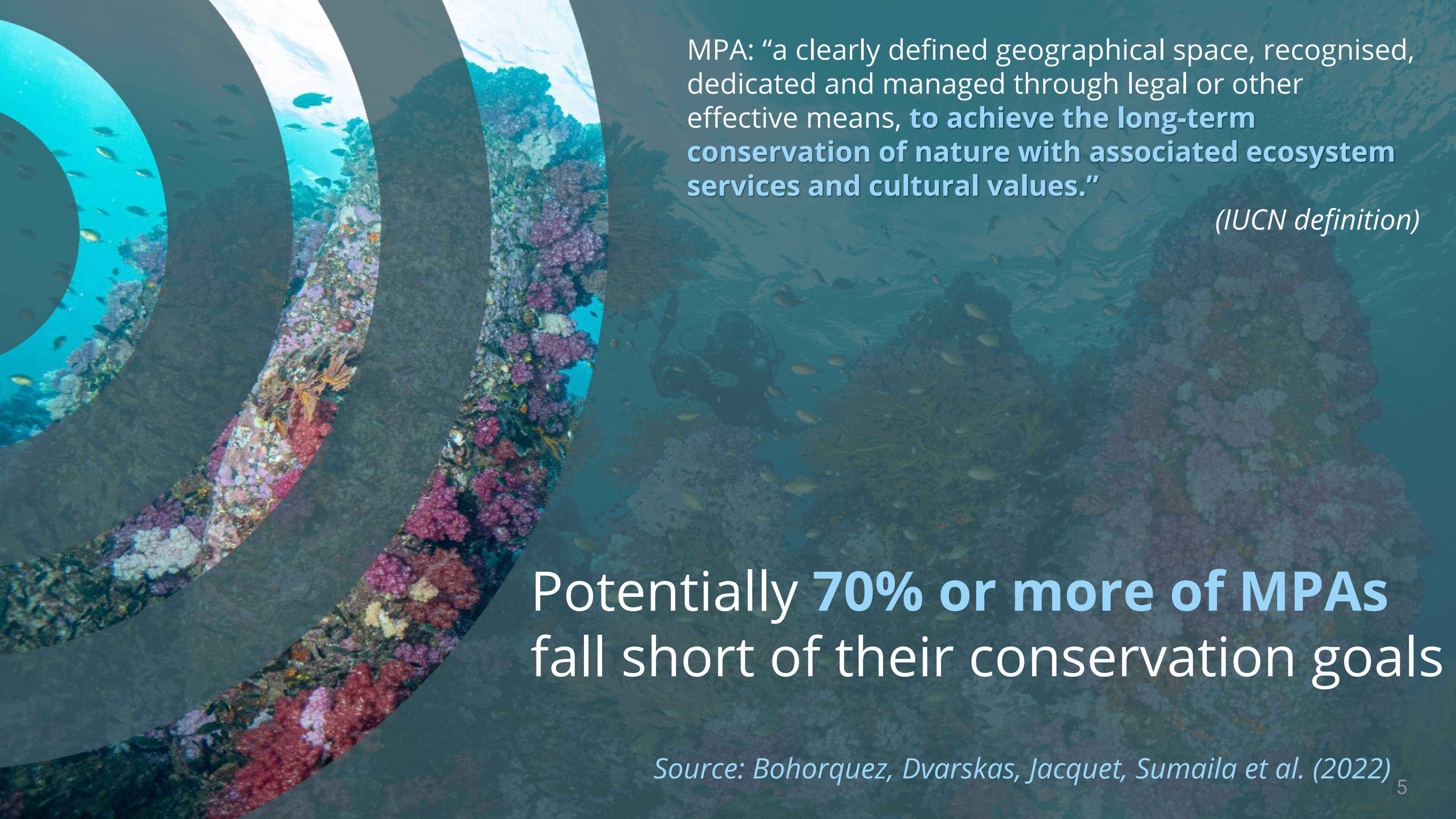
One solution:
The IUCN Green List Bond

03

Next Steps

01

Why are MPAs struggling?



MPA: “a clearly defined geographical space, recognised, dedicated and managed through legal or other effective means, **to achieve the long-term conservation of nature with associated ecosystem services and cultural values.**”

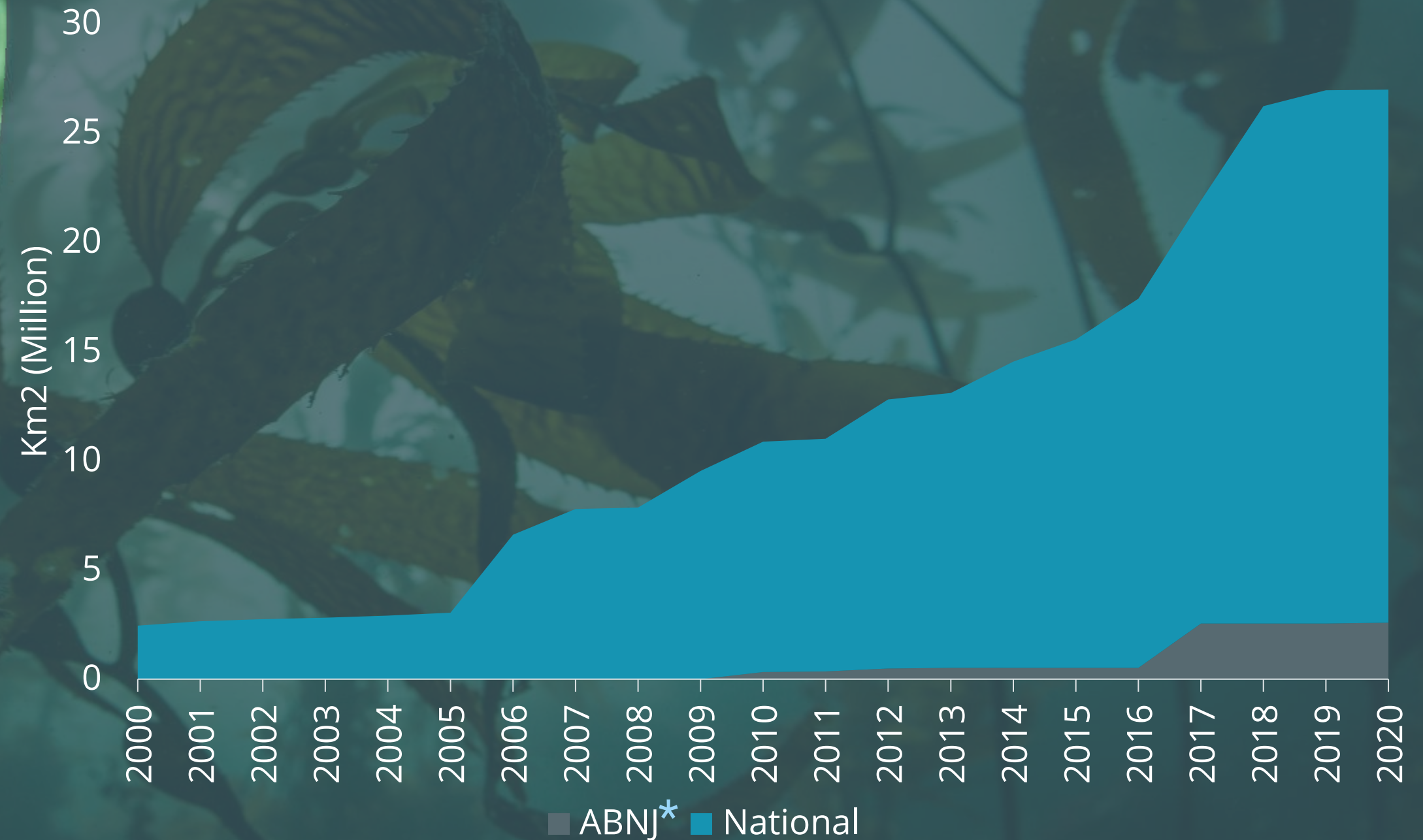
(IUCN definition)

Potentially **70% or more of MPAs** fall short of their conservation goals

Source: Bohorquez, Dvarskas, Jacquet, Sumaila et al. (2022)

Area-based targets are not met

- Aichi Convention: 10% of the world's marine area was to be designated for protection by 2020.
- Today: 7.9%

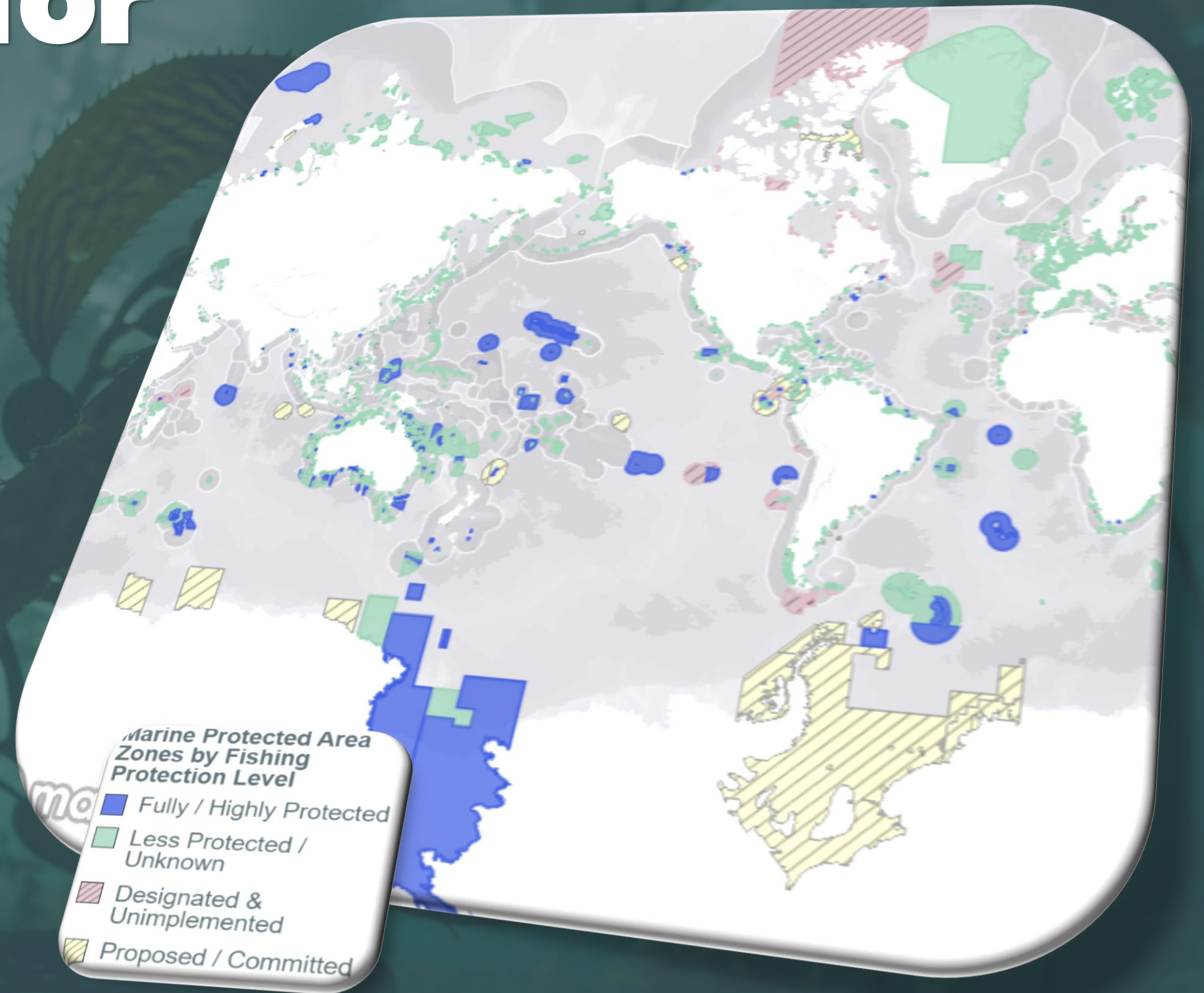


Source: CBD, ProtectedPlanet

*Areas beyond national jurisdiction

Area-based targets are a bad proxy for conservation progress

- *“Healthy patients are cheaper to treat”*
- Minimise opportunity costs rather than maximise conservation goals

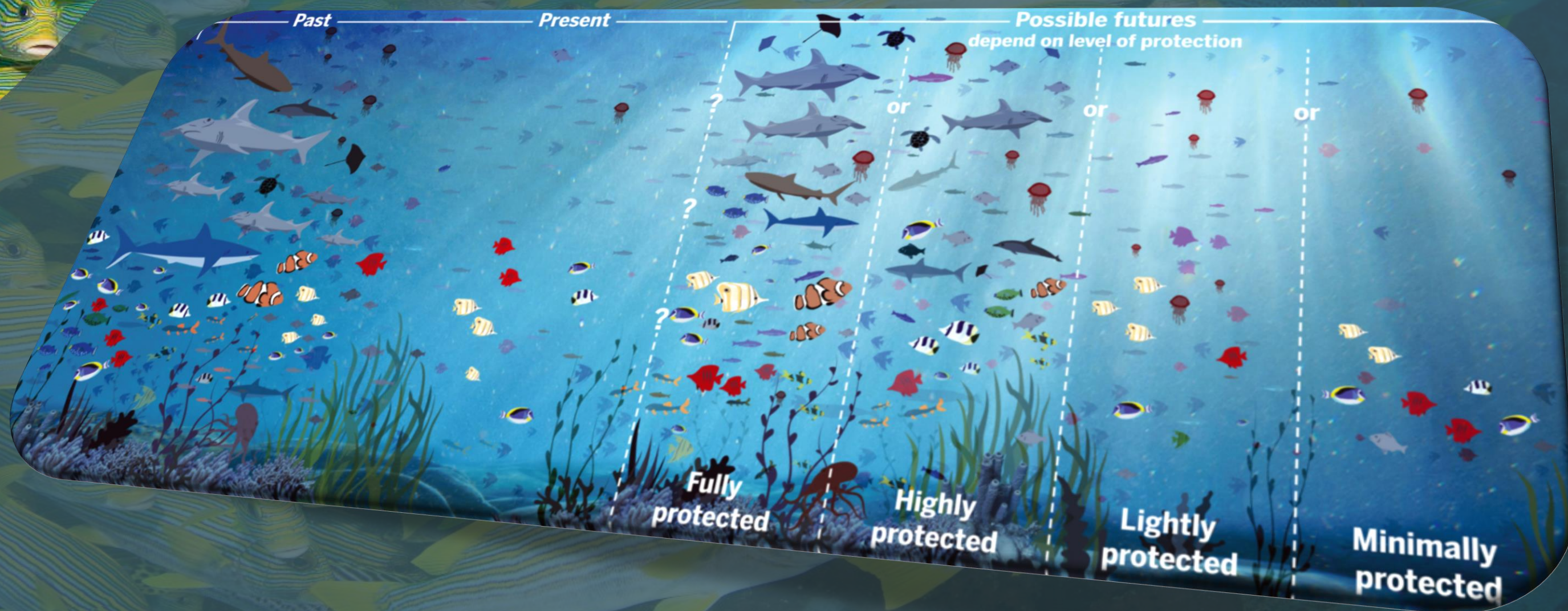


Sources: Pressey, Weeks, and Gurney (2017), MPAtlas

What does 'protected' mean?

Protection level determined by occurrence/impact from:

- MINING & OIL and GAS
- DREDGING & DUMPING
- ANCHORING
- INFRASTRUCTURE
- AQUACULTURE
- FISHING
- NON-EXTRACTIVE ACTIVITIES



99.93% of the EU Natura network (3,449 MPAs) is affected by at least one damaging commercial activity

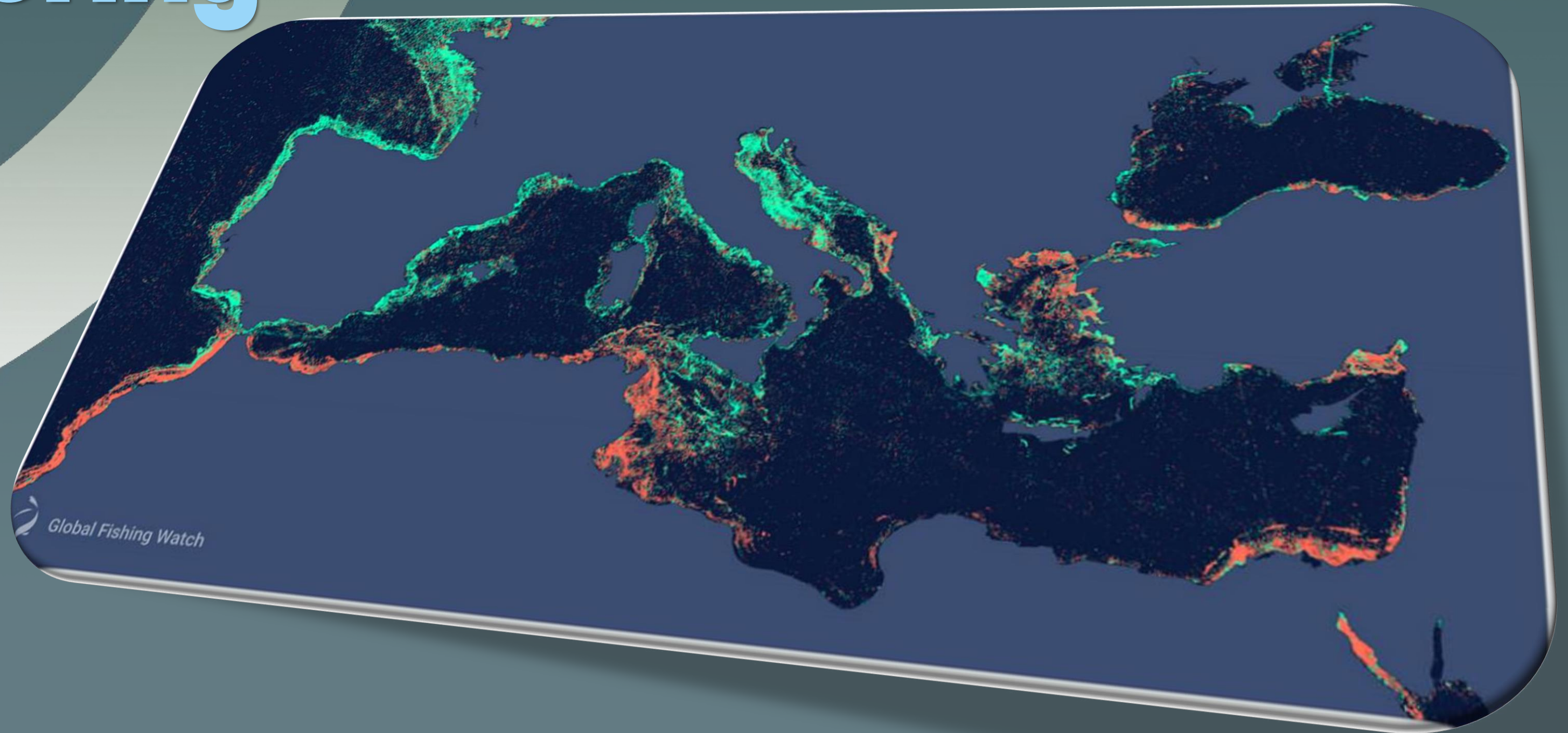
Protection and Fishing

- Fishing is allowed in c. 2/3 of MPAs globally by area
- 2.8% of the ocean is fully or highly protected from fishing impacts

IUCN Category	% of global marine protected area	% of marine protected area in this category that is no-take area	% of global MPAs that is no take area
Ia (Strict Nature Reserve)	7.3%	71%	5.2%
Ib (Wilderness Areas)	1.3%	3%	0.0%
II (National Park)	3.8%	86%	3.3%
III (Natural Monument or Feature)	0.5%	97%	0.5%
IV (Habitat/Species Management Area)	9.4%	0%	0.0%
V (Protected Landscape/ Seascape)	3.7%	0%	0.0%
VI (Protected area with sustainable use of natural resources)	33.2%	20%	6.6%
Not Applicable	2.2%	0%	0.0%
Not Assigned	6.2%	29%	1.8%
Not Reported	32.3%	60%	19.4%

Source: Planet Tracker calculations based on ProtectedPlanet, MPAAtlas

The issue of monitoring



*Green/Orange dots: fishing vessels detected by satellite imagery that are/are not already monitored by AIS.
Source: GlobalFishingWatch*

MPAs need more funding and adequate staff

- Global funding gap for MPAs: > USD 100 bn p.a.

- Inadequate budget for basic management needs: 65% of MPAs

- Inadequate staff capacity: 91% of MPAs

Source: Gill, Mascia et. al (2017)

Maximising existing solutions is crucial

Ensuring that existing finance instruments are adequately used is the priority

Categories of Financial Instruments	Sources (horizontal) and Instruments (vertical)	Categories of Sources of Finance		Private - Voluntary			Users/Polluters				Impact Investment	
		Public		Private - Voluntary			Users/Polluters					
		Domestic government	International aid	NGOs	Philanthropy	Individuals	Tourism - Generalist	Tourism - Mixed	Tourism - Specialist	Commercial Fishing	Other Users & Polluters	
Annual Budget	Annual Budget	Blue										
Grants	Grants	Blue										
Taxes, fines, and penalties	Environmental Taxes						Blue	Blue	Blue	Blue	Blue	
	Fines and Penalties - regular and semi-regular infractions						Blue	Blue	Blue	Blue	Blue	
	Fines and penalties - lawsuits						Blue	Blue	Blue	Blue	Blue	
Donation Based	On-site and local donations						Blue	Blue	Blue	Blue	Blue	
	Remote donations and crowdfunding			Blue			Blue	Blue	Blue	Blue	Blue	
	Volunteering and cost sharing						Blue	Blue	Blue	Blue	Blue	
Debt Instruments	Loans						Blue	Blue	Blue	Blue	Blue	
	Blue bond - general obligation	Blue										Blue
	Blue bond - special revenue	Blue										Blue
	Debt-for-Nature - bilateral reductions											
	Debt-for-Nature - commercial swaps						Blue	Blue	Blue	Blue	Blue	
Access/Use Rights	Tourist entry and activity fees											Blue
	Concessions						Blue	Blue	Blue	Blue	Blue	
	Non-extractive use rights - long term											
	Non-extractive use rights - Single use											
Licence Fees	Extractive use rights											
	Blue carbon											Blue
	Biodiversity offsets											Blue
	Insurance											Blue

02

One solution: The IUCN Green List Bond

Linking funding to conservation efficiency

- Know what success looks like
- Measure progress

- Time-bound objectives
- Work backwards from the objective

- Funding requirements based on conservation objectives

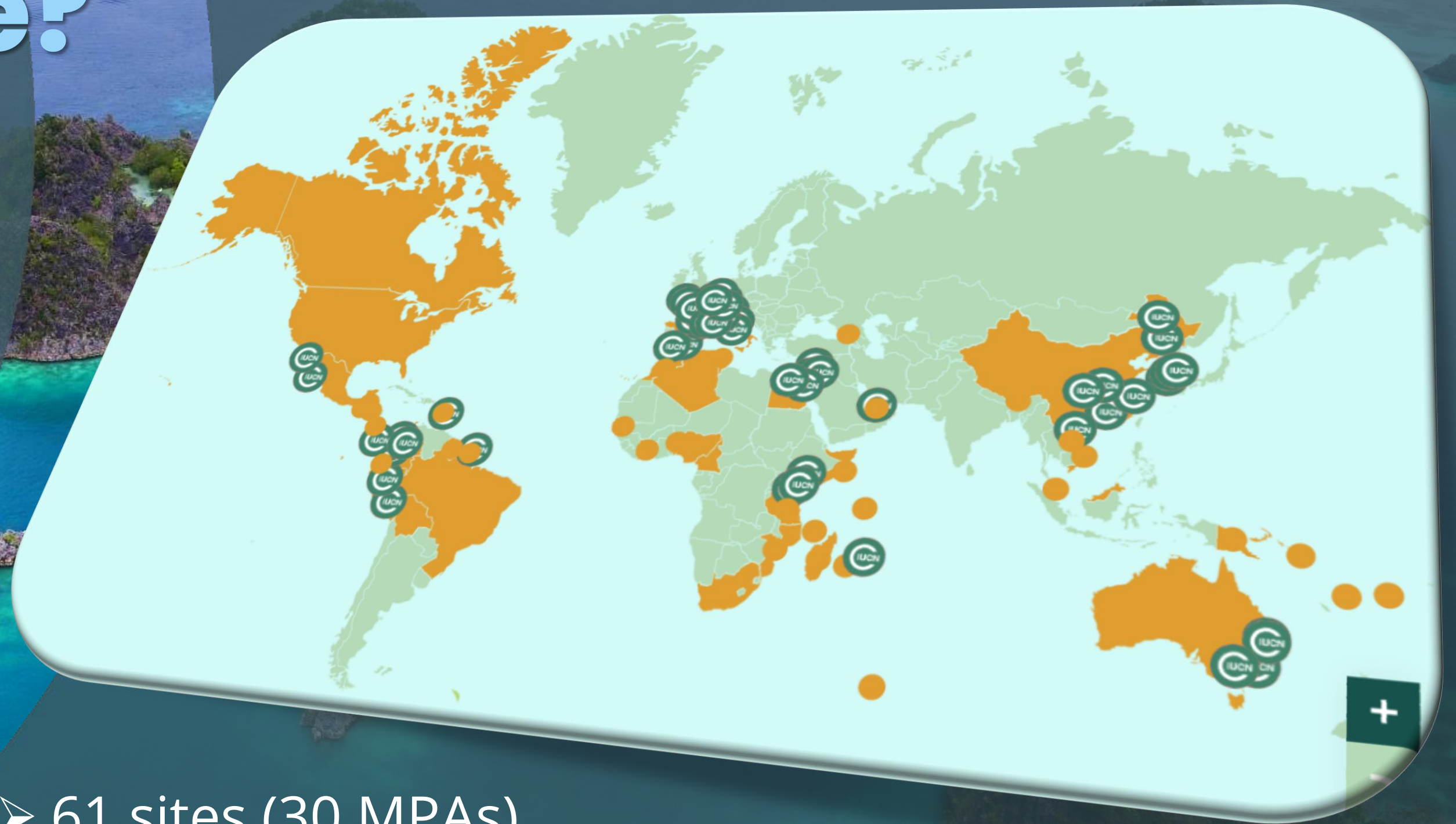
- Diverse examples of 'certifications' exist for protected areas
- The IUCN Green List is the most advanced

The IUCN Green List: Description and objectives

- Global standard of best practice for area-based conservation
- Organised around 4 components
- 17 criteria must be met
- Criteria measured by multiple indicators
- Application phase, expert assessment

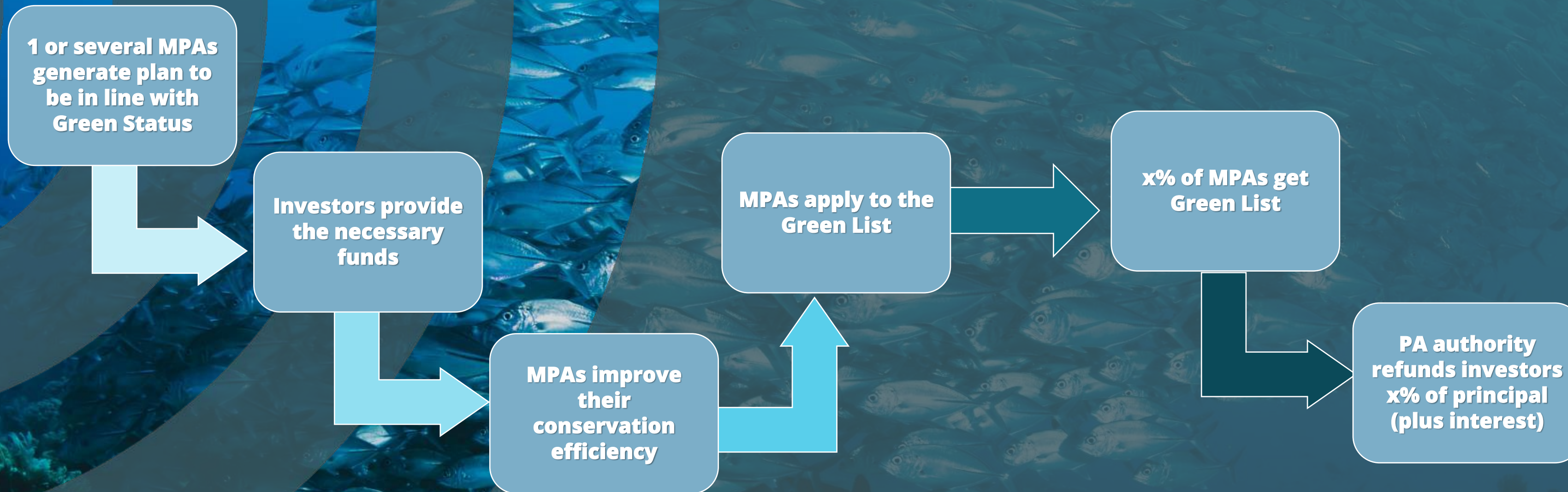


The IUCN Green List: who/ where?



- 61 sites (30 MPAs)
- 0.14% of the world

The IUCN Green List Bond



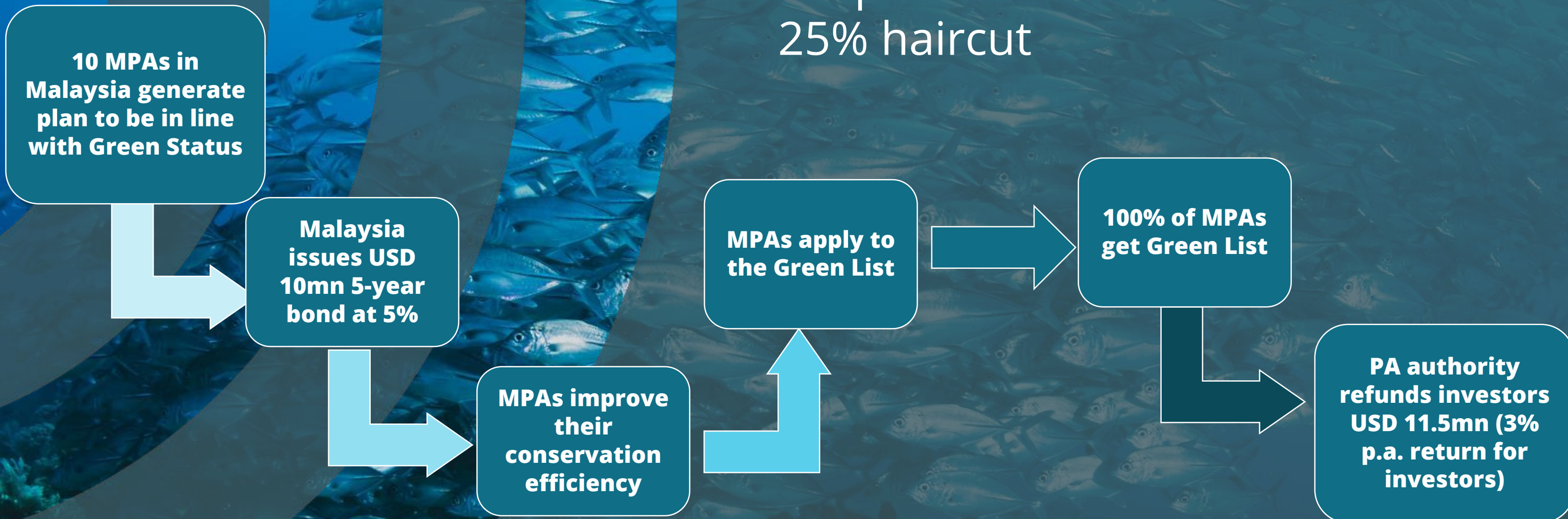
If MPAs do not secure the Green List Status after n years,...

.....Investors get y% of their money back, where $0 < y < 100\%$

A theoretical example

USD 10mn incl. 1mn of transaction costs paid by investors

2% premium
25% haircut



Note: no bonds or securities of any type have been developed and this is not an offer to sell or solicitation of an offer to buy any securities of any kind.

All discussions, concepts and numbers used are illustrative and presented in good faith only.

Challenges

- Who pays for the transaction costs?
- Agreeing on haircut and interest
- Presence of an intermediary
- Perverse incentives / Politics

Advantages for investors

- Opportunity to invest in efficient conservation
- Attractive risk/reward, depending on conditions agreed
- Replicable and scalable model
- High economic rate of return for investment in protected areas
- Spillover benefits for economic operators in the area (synergies potential for investment)

Advantages for issuers

- Outcome-based financing mechanism
- Risk mitigation

- Additional funding
- Improved management efficiency

- Learnings applicable to other PAs of the jurisdiction
- Replicable and scalable model

- High economic rate of return for investment in protected areas

Advantages for MPAs

- Ensures additional funding
- Ensures adequate level of staffing

- Maximises chances of conservation efficiency
- Provides visibility

- High economic rate of return, spillover benefits for local businesses and communities

03

Next Steps

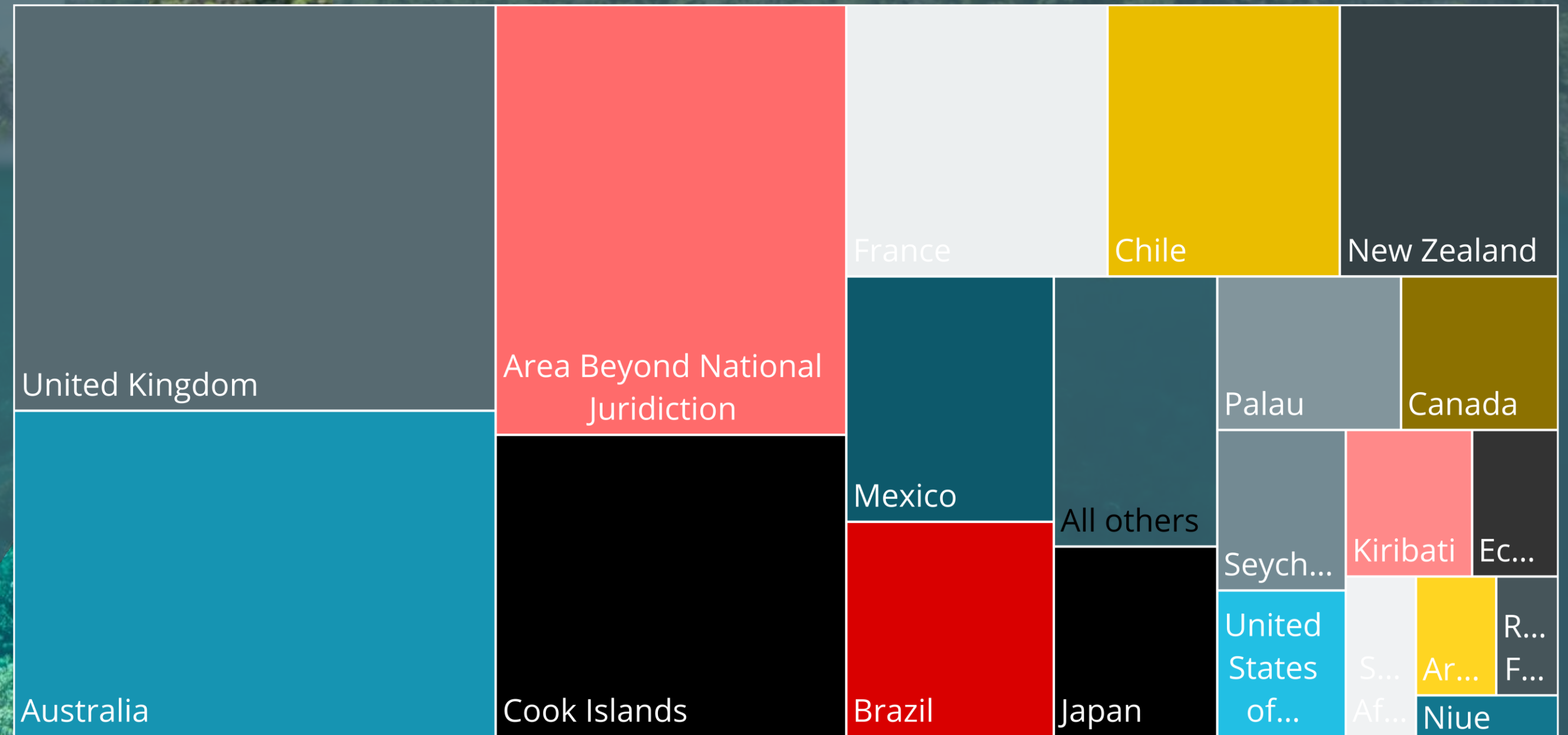
Who can act?

MPAs are generally governed by national or sub-national institutions

Governance type	Marine Area (km ²)	% of total
Federal or national ministry or agency	13,965,737	57.4%
Collaborative governance	4,726,778	19.4%
Joint governance	2,197,585	9.0%
Sub-national ministry or agency	1,726,858	7.1%
Not Reported	1,666,050	6.8%
Local communities	15,819	0.1%
Indigenous peoples	12,011	0.0%
Government-delegated management	11,378	0.0%
For-profit organisations	1,402	0.0%
Non-profit organisations	386	0.0%
Individual landowners	108	0.0%
Total	24,324,112	100.0%

Where to act now

A handful of countries account for the majority of existing MPAs by area



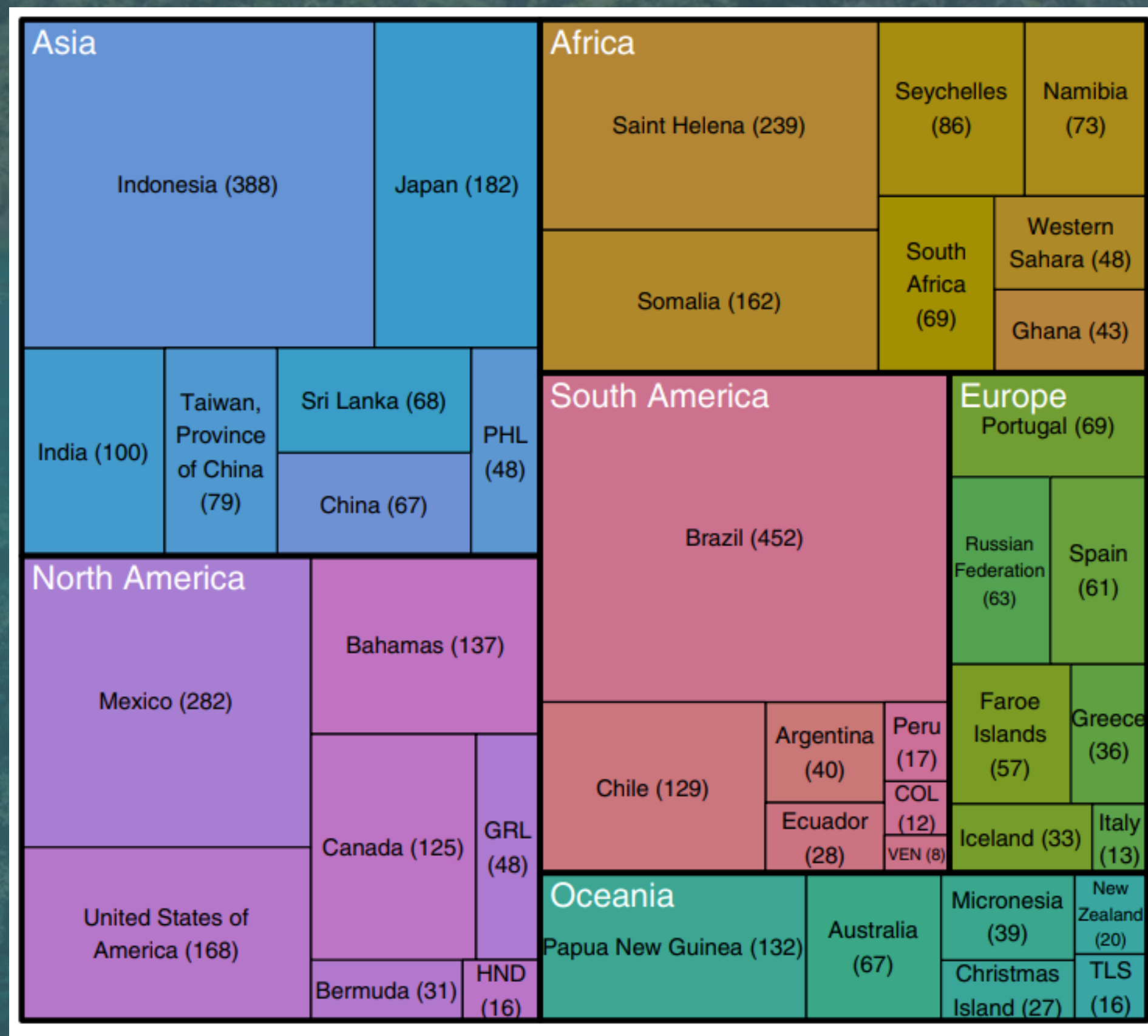
Breakdown of Global MPAs (by Area) by Country. Source: ProtectedPlanet.net

Where to act later on

Largest areas (in thousands of km²) of new conservation priorities

Source: Jones, Klein, Gratham et. Al (2020)

Future MPAs are needed in these countries



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Thank you

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