



PREEN newsletter

Pacific Resource and Environmental Economics Network

Issue 13

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Dear PREEN

Welcome to the March 2016 edition of the PREEN Newsletter.

This edition includes news of recently released reports on the economic benefits of Pacific Island coral reefs and the state of public expenditure on fisheries. There are updates from a number of projects concerned with restoring ecosystem services and innovative mechanisms for financing biodiversity conservation. We also have news of the newly established Pacific Centre for Environmental Governance.

To keep the network informed of developments in the Pacific, we welcome new articles as they emerge so do share your findings, projects and events with us. Please send these to: jamesj@spc.int.

Best wishes

James Jolliffe
(PREEN coordinator)

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Pacific
Community
Communauté
du Pacifique

Preliminary review of public expenditure of the Fisheries Agencies of Pacific Island Countries and Territories

Hugh Govan

In 2007, fisheries production was valued at over US\$2 billion in the Pacific Island Countries and Territories (PICTs). The sustainability of inshore fisheries resources are of vital concern to the PICTs as they are fundamental to the livelihood and food security of most small island communities. The Pacific Community (SPC), funded by the Australian Government through DFAT, commissioned a study to review national coastal fisheries policies, staffing and budgets in relation to the potential task of sustainably managing coastal fisheries.

The study reports that in the Pacific Islands as a whole there are exclusive economic zones (EEZs) covering 29 million km² and 22 Fisheries Agencies with 1,277 staff and US\$72 million budget for operations. Of this, Inshore Fishing Areas comprise 350,000 km² with a US\$12 million budget for operations on coastal fisheries.

The study's major findings suggest that governments are not allocating adequate operational resources for coastal fisheries management. Sustainable management is particularly poorly resourced in the lesser developed countries, which have projected near-term deficits in coastal fish production. Overall, despite encouraging progress in community-based fisheries management (CBFM), there is a long way to go.

The report therefore makes the following recommendations:

- i. National Fisheries Agencies should be encouraged to specify and report budgetary and manpower allocations for sustainable coastal fisheries management.
- ii. National coastal fisheries management allocations can be used as an indicator against aspirational targets such as investment per value of production or area managed.
- iii. Adequate support for sustainable coastal fisheries management must be ensured in lesser developed countries and requires particularly urgent attention from donors and political leaders.
- iv. Governments should ascertain the extent to which CBFM effectively occurs and determine the most cost-effective strategies to support, extend and sustain these practices.

The full report can be accessed via the SPC Digital Library (<http://www.spc.int/en/digital-library.html>) by searching for "Preliminary review of public expenditure of the Fisheries Agencies of Pacific Island Countries and Territories: Policy, operational budget and staffing support for coastal fisheries". For more information, please contact Hugh Govan (hgovan@gmail.com).

Report on marine impact investment

Melissa Bos and Nicolas Pascal

Impact investment refers to investments made with the intention of producing a beneficial social or environmental impact alongside financial returns. In marine biodiversity and ecosystem services, impact investment is in an early stage of development. Concrete projects on marine ecosystems are few, generally without a studied track record and no analysis of return on investment.

The role of this report is to explore the potential of the concept by reviewing the relevant literature and identifying Pacific investments. It presents background information on impact investing, identifies potential opportunities and challenges and makes recommendations for a way forward. A business model through eco-tourism is presently being analysed in greater depth in the Pacific Islands and results are anticipated for release during 2016.

For further information, please contact Nicolas Pascal (npascal@blue-finance.org).



Launch of the Pacific Centre for Environmental Governance

Andrew Foran

February 16th sees the launch of the newly established Pacific Centre for Environmental Governance (PCEG) at IUCN Oceania. The centre brings together existing IUCN programs and work on natural resource economics, environmental law, leadership for green growth, and environment and social policy. PCEG will collaborate and work in partnership with CROP and other agencies and NGOs, with PREEN and with other stakeholders in the field of environmental governance, focusing on the gaps in current services and programs but also on adding value to existing work in the region.

According to Andrew Foran, Head of PCEG, the goals of the centre are to:

- Provide expert environmental governance advice and support to countries in Oceania, and also to IUCN programs and projects;
- Collaborate and partner with regional, national and local organisations, governments, CROPs, agencies and NGOs;
- Bring together key Pacific leaders and decision makers to explore ways forward for key regional and national environmental and sustainable development opportunities and challenges;
- Raise awareness and promote discussion and thought leadership on key issues and opportunities, and act as a conduit and repository of knowledge and information.

As well as building a small team based at IUCN Oceania, PCEG will tap into IUCN's global network of experts in the environmental governance field.

If you would like to learn more about the Pacific Centre for Environmental Governance please contact Andrew Foran (andrew.foran@iucn.org or +679 331 9084).

RESCCUE operations started in Fiji, Vanuatu, New Caledonia and French Polynesia

Jean-Baptiste Marre

The Restoration of Ecosystem Services and Adaptation to Climate Change project (RESCCUE) aims to contribute to increasing the resilience of Pacific Island Countries and Territories in the context of global changes. To this end RESCCUE seeks to support adaptation to climate change through integrated coastal management, especially drawing on economic analysis and economic and financial mechanisms.

In recent months, RESCCUE has started on-the-ground activities in seven pilot sites in Fiji (Ra and Kadavu Provinces), Vanuatu (North Efate), French Polynesia (Moorea and Gambier Archipelago) and New Caledonia (Great South and North East Coastal Area). Four consortiums of global and local organizations have been contracted to conduct activities until September 2018. These activities include among others: characterisation and economic valuation studies of various terrestrial and coastal ecosystem services, economic analyses of the loss of ecosystem services due to some mining activities in New Caledonia and Fiji, feasibility studies and implementation of innovative funding mechanisms, analyses of harmful subsidies and green taxes, and some cost-effectiveness or cost-benefit analyses of coastal management activities (e.g. ecological restoration, erosion control, waste management).

The first reports on RESCCUE activities will become available from May 2016.

The project's website may be accessed at www.spc.int/resccue. For further information, please contact Raphaël Billé (raphaelb@spc.int).



Source: Aaron Buncle, 2013



Bluefinance Project Launched in the Pacific

Nicolas Pascal

Considerable interest has been given in recent years to the financing of ecosystem services through market transactions. In practice, the potential for various non-public financial instruments to provide sustainable long-term financing of integrated coastal management (ICM) has not yet been proven through secure financial flows from the private sector. This is partly because very few practical examples of private sector finances for biodiversity exist in the marine and coastal environment. Project Bluefinance aims to implement mechanisms for financing coastal and marine conservation and management activities across demonstration sites in Tahiti and Vanuatu, as well as Barbados and Martinique.

One of Bluefinance's main priorities is to provide empirical experiences of funding mechanisms for ICM. To this end, investor perspectives have to be analysed so that concrete funding opportunities can be found. A similar approach is being taken in each site – developing business models that encourage the private sector to balance the financial bottom line of conservation objectives. In Barbados, for example, an island with a heavy reliance on the tourism industry and an extremely well informed and active tourism sector, the focus is on utilising this sector in the management of marine areas and involving them in a Payment for Ecosystem Services (PES) system with local fishers.

Initial investors targeted will include local high-net-worth individuals as well as venture philanthropists. Each of these groups has its own risk-return expectations, liquidity exigencies, investment horizons, ticket sizes and investment product preferences. Initial investments and the management cost of ICM activities are being tested through classic financing (e.g. equity, debt, Tourism User fees) and some more innovative mechanisms (PES, bio-banking).

Bluefinance's on-going activities in other regions of the world have uncovered the following preliminary results:

- i. Coral reef ecosystem services (ES) beneficiaries with potential payment capacity are mainly the tourism industry, real estate owners and impact investors.
- ii. These beneficiaries might invest to enhance the ES of scenic beauty, coastal protection (against coastal flood and beach erosion) and fish biomass.
- iii. Business models that make the project investable must be tested in the field.
- iv. Agreements with the public sector, through Public-Private Partnerships (PPPs), must define clearly the role of each part, transparency in the management of funds as well as securing marine tenures. This is a preliminary step that must be defined before designing PES or other financial mechanisms.

PPP agreements can take a wide range of forms. The agreement ultimately used will be decided via negotiations between the stakeholders. Balancing the conservation of marine habitats and business enhancement of the ES will form the basis for these negotiations.

Project Bluefinance (<http://blue-finance.org>) is coordinated by SPAW-RAC (<http://www.car-spaw-rac.org>) and GRID ARENDAL (<http://www.grida.no>), and funded primarily by the United Nations Environmental Programme (UNEP), GRID ARENDAL BlueSolutions (<http://bluesolutions.info>) and the Organisation of American States (www.oas.org).

For further information, please contact Angelique Brathwaite (abrathwaite@blue-finance.org).



Economic valuation of coral reef ecosystem services in Wallis and Futuna

Nicolas Pascal

The French Initiative on Coral Reefs (IFRECOR) seeks to:

- (i) Achieve the monetary valuation of coral reef ecosystems (and associated ecosystems such as mangroves and seagrass beds) in the French overseas territories (the South Pacific, the Caribbean and the Indian Ocean); and
- (ii) Inform and convince decision-makers and other stakeholders of the importance of coastal ecosystems for the economic development of the territories.

At present, analysis is underway to determine the value of coral reef systems in Wallis and Futuna.

For further information (in French), please go to <http://www.ifrecor.org> or contact Nicolas Pascal (npascal@blue-finance.org).

PRESS RELEASES

Official Press Release: Is investing in coral reef worth it? Results from the assessment of the economic benefits of community-based Marine Protected Areas (MPA) in Fiji and Vanuatu

Nicolas Pascal

Community-based MPAs are among the primary fisheries and coastal management tools utilised in many Pacific countries, where the intervention of government agencies is minimal and communities play an integral role in management activities. Governments, multilateral agencies and NGOs (estimated at >500 in the Pacific in 2007) have supported community-based MPAs during the past 15 years. This support however must now be improved with more stable funding and regulations adapted to this kind of management.

The study was carried out in five MPAs in Vanuatu and four MPAs in Fiji. The principal effect on the selected Ecosystem Services (ES) of fisheries, tourism, coastal protection against floods and bequest value were assessed. Economic benefits and costs of the MPAs were valued for all local stakeholders as well as for national and international stakeholders. In addition, an estimation of the MPA effects on the stock and flow of ES values was determined.

The overall economic value of ES in the study sites was calculated as between \$US 200k and \$US1.9M per year and per village. Results showed that the MPAs generated benefits primarily via improving the aesthetics of nature for tourism purposes, as well as maintaining the services of coastal protection and fisheries productivity. The primary beneficiaries were the tourism businesses followed by village households.



All the studied MPAs have produced Benefit-Cost Ratios (BCRs) of greater than one, demonstrating that investments in marine reserves, in addition to avoiding the risk of overfishing and participation in the conservation of coral reefs, are an effective means of contributing to local economic development. The ecological effects on fish populations and habitats in the MPA produced concrete and tangible benefits both for the villages with MPAs and the surrounding villages. The level of BCRs reflects a significant leverage of investments in MPAs for important impacts on tourism benefits and coastal protection values.

Available online at: http://www.iucn.org/about/work/programmes/gpap_home/?21432/Is-it-worth-investing-in-coral-reefs-Results-from-an-assessment-of-MPA-economic-benefits-in-Fiji-and-Vanuatu

Don't forget! The PREEN website and forum are open for use

PREEN's website is currently available at: <http://www.sopac.org/preen> where you will also find the PREEN forum. Please use the forum to post updates of your work, comments and queries regarding economic practices in areas relevant to resource and environmental economics in the Pacific.

We look forward to receiving feedback and articles from our readers

Please send these to jamesj@spc.int

The Pacific Resource and Environmental Economics Network...

Aims to progress economic analysis for sustainable resource management in the Pacific by providing a forum for practitioners in Pacific resource and environmental economics to exchange information, ideas and experiences for mutual learning and professional development.