

Finance Earth: Report on Implementation of the Sustainable Blue Economy Finance Principles

Prepared for UNEP Finance Initiative

December 2023



Introduction

Finance Earth is a signatory to the UNEP Sustainable Blue Economy Finance Principles. Through our participation in this initiative, we want to demonstrate our commitment to mobilising more finance for SDG14, one of the most underfunded SDGs to-date.

Below, we have provided a snapshot of some of the projects we have been working on that aim to accelerate the transition towards the sustainable use of the world’s ocean, sea and marine resources, through developing practical innovative financing solutions aligned to the UNEP Sustainable Blue Economy Finance Principles.



Supporting the development of marine and coastal natural capital markets in the UK

Finance Earth is working with The Crown Estate (‘TCE’) to help define the role it should play in engaging with and supporting the development of natural capital markets in marine and coastal environments. This work includes:

- Identifying and engaging with customers to understand their needs, interests, and views on the role The Crown Estate could take in unlocking marine and coastal natural capital markets in the UK.
- Assessing key barriers to market development, potential approaches to addressing these barriers and opportunities for The Crown Estate to support and accelerate progress.
- Exploring the financial and business case for delivering pilot coastal restoration projects on The Crown Estate land.
- Developing an engagement strategy for The Crown Estate to support the development and scaling of investment into high-integrity marine and coastal natural capital markets.

The project supports a number of the UNEP’s Blue Economy Finance Principles, including:

- **“Protective”**: The project explores how The Crown Estate can support the development of high-integrity natural capital markets to generate revenue from ecosystem services and accelerate investment into marine and coastal habitat restoration in England and Wales.
- **“Purposeful”**: The project endeavours to direct investment to projects and activities that contribute to the achievement of Sustainable Development Goal 14 (“Conserve and sustainably use the oceans, seas and marine resources for sustainable development”), as it aims to see how The Crown Estate, as owner of the seabed and foreshore, can best engage with natural capital markets to support the direction and acceleration of investment into marine and coastal environments.
- **“Solution-driven”**: The project is working to identify the most suitable revenue models for habitat restoration projects that could prove environmental outcomes and generate a return to repay investment alongside biodiversity benefits.
- **“Partnering”**: The project is taking a multi-stakeholder approach, exploring opportunities for The Crown Estate to partner on delivering restoration projects that generate revenue from natural capital markets whilst simultaneously delivering returns for nature.



Fisheries Improvement Fund (FIF) - Update

Finance Earth has been working with WWF to develop a scalable financing model to accelerate the roll-out of Fishery Improvement Projects (FIPs) worldwide; a proven approach to increasing the sustainability of commercial fisheries. This has resulted in Finance Earth and WWF launching the Fisheries Improvement Fund, an innovative new financing mechanism centred on a volume-based fee paid by offtakers of marine products.

Finance Earth and WWF are working with a range of partners including:

- Some of the world’s largest aquaculture feed manufacturers
- Major US retailers
- Charitable foundations
- Industry bodies and membership organisations
- Academics

The project has developed a viable financing model, and is working with partners towards launch of a pilot FIP for this new approach.

The project supports a number of the UNEP’s Blue Economy Finance Principles, including:

- **“Protective”**: FIPs are a proven approach to both increase the sustainability of commercial fisheries, thus protecting fish stocks, and reduce the broader environmental impact of commercial fishing, thus protecting species caught as by-catch and broader marine ecosystems that can be endangered by intensive fishing practices.
- **“Systemic”**: The financing model developed through the project provides an opportunity for any marginal costs associated with more sustainable fishing practices to be embedded within production costs, thus promoting a systemic shift towards sustainable practices throughout the value chain, from fishery to end consumer.
- **“Inclusive”**: The UN estimates that around 60m people are employed in the fishing and aquaculture sectors worldwide: by improving fishery sustainability, FIPs play an important role in safeguarding and enhancing these local livelihoods.
- **“Solution-driven”**: The innovative funding model delivers a commercially viable solution to longstanding funding problems that are holding back broader roll-out of FIPs, offering exciting potential for scaling and replication.
- **“Partnering”**: The project brings together a range of private and philanthropic organisations, by uniting them around a common goal.



A Coastal Community Venture Builder – Update

Finance Earth is working with WWF and other partners to develop a tailored venture builder programme that will deliver highly targeted investment readiness support to sustainable blue economy projects across the South West Indian Ocean (SWIO) seascape. Finance Earth and WWF team have developed a business plan for the first pilot project, seeking to install solar powered ice flake machines as a sustainable and affordable cooling solution for small-scale fishers in Kenya, in order to reduce the incidence of high post-harvest losses in the region. The delivery of this pilot will provide an opportunity to test and refine the venture builder concept before it is then scaled to a larger cohort of projects.

Finance Earth is working with key partners including WWF and SWIOTuna to develop and deliver the venture builder under the ‘Our Blue Futures’ multi stakeholder initiative, endorsed by the Nairobi Convention COP 10. The ultimate aim is to deliver transformational finance for sustainable blue economy livelihoods across the SWIO seascape, as well as enhance the capacity of local and international environmental organisations to navigate conservation finance solutions.

The project supports a number of the UNEP’s Blue Economy Finance Principles, including:

- **“Protective”**: The venture builder programme seeks to develop sustainable blue economy enterprises that restore, protect and maintain diverse, productive and resilient marine ecosystems and in turn, the communities that rely on them.
- **“Inclusive”**: The venture builder programme is looking to build sustainable blue economy enterprises that drive economic growth and sustainable livelihoods for coastal communities including diversified income opportunities to support small scale fishers and women.
- **“Purposeful”**: There is significant public and private finance being targeted at coastal development over the next decade which could further exacerbate the biodiversity crisis if not directed towards sustainable development pathways. The proposed venture builder will both develop a pipeline of sustainable opportunities that positively impact marine and coastal ecosystems as well as provide a structure to deliver funding and investment into such sustainable opportunities.
- **“Solution-driven”**: The innovative venture builder model is able to deliver tailored financial and technical assistance support into a marine and coastal focussed portfolio of projects.
- **“Partnering”**: The multi-stakeholder approach to designing and delivering a tailored venture builder programme aims to unite public and private financiers, eNGOs and coastal community under a common goal to accelerate progress towards a sustainable Blue Economy and improved livelihoods and resilience of coastal communities.



Unlocking Economic Growth: The Intersection of Marine Conservation Areas and Successful Business Models

Finance Earth was commissioned by IDB Invest to conduct a review of opportunities for private sector firms and financial institutions to invest in marine conservation areas in Latin America and the Caribbean, with the aim of facilitating sustainable economic growth in the region.

The project supports a number of the UNEP's Blue Economy Finance Principles, including:

- **“Protective”**: The project explores the opportunity to improve the financial sustainability of marine conservation areas.
- **“Cooperative”**: The project aims to identify the barriers to mobilising capital and ensure better cooperation with private sector firms to increase investment marine conservation.
- **“Impactful”**: The project aims to secure long-term revenue streams for marine conservation, helping to ensure the long-term sustainability of projects that have both social, environmental and economic benefits.
- **“Solution-driven”**: The project worked to identify sustainable business models in Latin America and the Caribbean with a view to how private sector companies might engage and support.

Organisation Overview

Finance Earth is the UK’s leading environmental impact investment advisor and fund manager, advising on the design and implementation of innovative financing solutions for the natural and built environment both in the UK and globally.

Finance Earth’s mission is to redirect private capital into environmental impact investment to fill the \$300 billion p.a. global conservation funding gap. We achieve this through the design and application of commercial strategies to deliver positive financial, social and environmental outcomes. As a social enterprise, we have a profit lock ensuring that 51% of Finance Earth’s profits are channelled back into the environmental sector and all our staff are paid at least the London living wage. We work with a broad range of clients and partners around the world, including governments, NGOs, social enterprises, aligned corporates and investors to identify and develop investable projects that aggregate, scale, and accelerate the delivery of appropriate capital to protect and enhance the environment.

Finance Earth’s team has structured over £500 million of impact funds for environmental and social benefit. Through Finance Earth’s work across the investment lifecycle, the team has significant experience in assessment and implementation of green and blue investment opportunities, covering a wide range of projects that enhance the natural environment and contribute to a low carbon economy. Finance Earth is a trading name of Environmental Finance Limited, which is authorised and regulated by the Financial Conduct Authority (registration number: 831569).



FE has the leading UK track record of designing combined environmental and social impact funds.



FE currently manages over £50 million of blended environmental impact funds.



FE’s team has designed over £500 million of impact investment structures.



FE has strong stakeholder relationships with leading environmental organisations and investors.



FE has extensive experience in both innovative financing and natural capital asset management.



FE is a wholly employee-owned social enterprise, with 51% of profits being recycled in on-mission activities and investments.

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