



Pacific Islands Regional Oceanscape Program
Component 3: Pacific Ocean Finance Program
Pacific Islands Forum Fisheries Agency
Grant Number: D023-4P

**Request for Expressions of Interest
Improving Large-Scale Marine Protected Area Finance**

Reference # PROP / FFA / C24
25 January 2019

Type: Firm or Consortium
Location: Home-based with international travel
Start Date: March 2019
Duration: 12 months

1. Introduction

The Pacific Ocean Finance Program is implemented through the Pacific Islands Forum Fisheries Agency (FFA) and the Office of the Pacific Ocean Commissioner (OPOC; affiliated with the Pacific Islands Forum Secretariat, PIFS). The program is funded by the World Bank and the Global Environment Facility as Component 3 of the FFA Pacific Islands Regional Oceanscape Program. The aim of the POFP is to increase the amount and efficacy of financial investments into Pacific Ocean governance, focusing on eleven countries: Solomon Islands, Vanuatu, Fiji, Tonga, Samoa, Kiribati, Nauru, Palau, Marshall Islands (RMI), Federated States of Micronesia (FSM) and Tuvalu, hereafter referred to as the POFP11. More information about the program can be found at www.pacificoceanfinance.org.

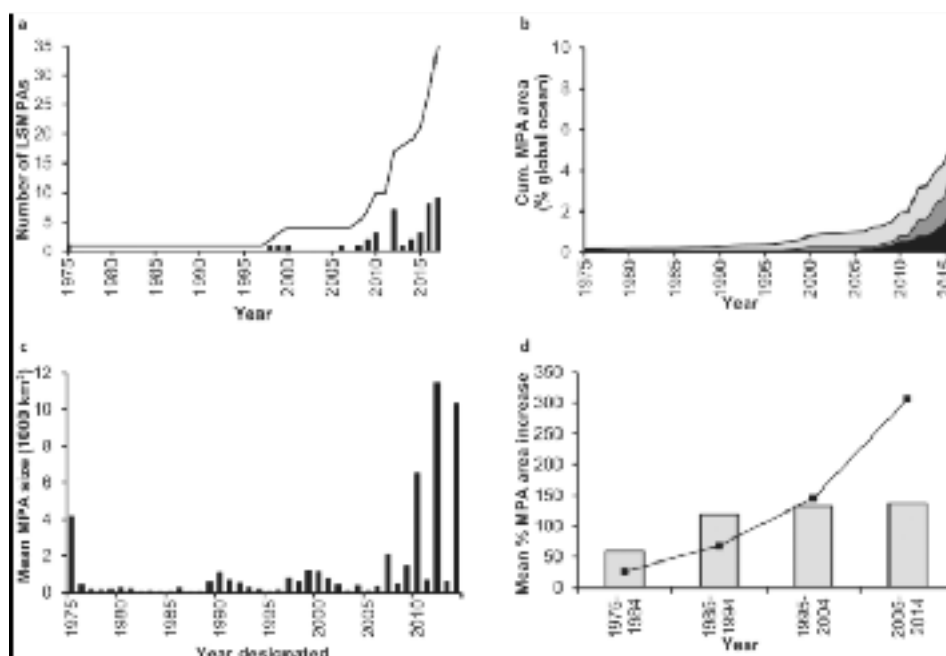
The POFP defines the goal of ocean finance as generating, investing, aligning, and accounting for financial capital to achieve sustained ocean health and governance : 1) Generate public and private financial capital through traditional and innovative finance mechanisms to create a diversified portfolio of revenue that supports ocean health, 2) Invest financial capital effectively, efficiently, and strategically to achieve measurable ocean outcomes and sustained ocean governance, 3) Align public and private economic incentives with long-term ocean health, and 4) Account for how financial capital is deployed against performance benchmarks, and account for values of marine ecosystem services through time (Walsh 2018).

The POFP is supporting the analysis and development of several ocean finance mechanisms including a Pacific Ocean Bond, Pacific Ocean Insurance, and a Replicable Community Managed Marine Area Finance Mechanism. This terms of reference (TOR) supports the analysis and development of finance for large-scale marine protected areas (LSMPA).

2. Background

LSMPA are defined as protected areas that cover more than 100,000 square kilometres. The size and number of LSMPA have been increasing since the early 2000's (O'Leary et al 2018; see Figure 1). The growth in the size and number of LSMPAs can be attributed to countries trying to meet international conservation targets that are expressed in terms of percentage of marine habitat in a protected area (Leenhardt et al 2013). While there is scientific evidence that LSMPAs may be more effective than smaller marine protected areas because they include biologically connected ecosystems from coastal to pelagic and deep sea regions, benefiting both sedentary and migratory species (White et al 2017), there remains scientific and social debates as to the efficacy of LSMPA. Many scientific studies support the use of LSMPA (Nelson and Bradner 2010, Graham NAJ and McClanahan 2013, Toonen et al. 2013, Singleton and Roberts 2014, Wilhelm et al. 2014, Friedlander et al. 2016, O'Leary et al 2018) and many studies document concerns about effectiveness, socio-cultural impacts, and economic impacts (De Santo et al. 2011, Pressey et al 2012, De Santo 2013, Leenhardt et al. 2013, Devillers et al. 2015, Jones PJS and De Santo 2016, Hilborn 2017).

Figure 1. Trends in LSMPA (O'Leary et al 2018) Global trends in marine protected area (MPA) coverage. (a) The number of large-scale MPAs (LSMPAs) designated or promised each year (black bars) and the cumulative number (black line) of LSMPAs designated or promised globally (1975-January 2018). No LSMPAs existed prior to 1975. (b) The cumulative percent coverage of all MPAs (light gray), all LSMPAs (dark gray), and strongly or fully protected area in LSMPAs (black) designated and promised globally (1975-2016). (c) The mean size of all MPAs designated each year (rather than a cumulative total, 1975-2014). The peaks correlate to years during which large areas were protected in LSMPAs. (d) The mean rate of increase (%) per decade in MPA coverage for all MPAs (black line) and for MPAs of 100,000 square kilometers or less (gray bars; 1975-2014). Note that the data from 2017 are not included in (b) because only eight LSMPAs were present in the data set. The data beyond 2014 are not included in (c) or (d) because of gaps in the WDPA database for small-scale MPAs. The data for global MPA coverage were obtained from the IUCN-UNEP (2017) World Database on Protected Areas.



The number and size of LSMPA are expected to increase in coming years to meet international treaty targets. While theoretically the expansion of LSMPA should generate economic benefits, with one global estimate at US \$900 billion accruing between 2015-2025 (Reuchlin-Hugenholz and McKenzie 2015), designing finance mechanisms to capture those economic benefits is very challenging. Capturing the economic benefits is a key obstacle to the successful implementation of the Framework for the Pacific Oceanscape (Pratt and Govan 2010). While opportunity costs, such as lost fishing revenue, are often considered when designing LSMPA, the designation and ongoing management costs are very difficult to estimate and are rarely taken into consideration during the design phase (Klein et al 2008, Ban et al 2011, Bos et al 2013). Often, finance mechanisms are not sufficient to cover the costs of marine resource management and implementation suffers (Bos et al 2013).

Big Ocean (www.bigoceanmanagers.org) is a peer learning network that includes 17 LSMPA, two of which are within the POF11:

1. Great Barrier Reef Marine Park Authority (Australia)
2. Papahānaumokuākea Marine National Monument and World Heritage Site (USA)
3. Phoenix Islands Protected Area and World Heritage Site (Republic of Kiribati)
4. Marianas Trench Marine National Monument (USA)
5. British Indian Ocean Marine Protected Area (United Kingdom)
6. Motu Motiro Hiva Marine Park (Chile)
7. Marae Moana-Cook Islands Marine Park (Cook Islands)
8. Le parc naturel de la mer de Corail-Natural Park of the Coral Sea (France)
9. Pacific Remote Islands Marine National Monument (USA)
10. Argo-Rowley Terrace Commonwealth Marine Reserve (Australia)
11. Coral Sea Commonwealth Marine Reserve (Australia)
12. Macquarie Island Commonwealth Marine Reserve (Australia)
13. Norfolk Commonwealth Marine Reserve (Australia)
14. South-west Corner Commonwealth Marine Reserve (Australia)
15. Palau National Marine Sanctuary (Palau)
16. Parque Marino Nazca-Desventuradas (Chile)
17. Te Tai Nui A Hau (Marquesas, French Polynesia)

Big Ocean and the International Union for the Conservation of Nature (IUCN) World Commission on Protected Areas (WCPA) LSMPA Task Force partnered together to develop the “Large-Scale Marine Protected Areas: Guidelines for design and management” (Lewis et al 2017; <https://portals.iucn.org/library/sites/library/files/documents/PAG-026.pdf>). This document provides guidelines for the design, management, and monitoring of LSMPA. One section of the document focuses on “financial resources” (section 4.4.2, page 74). According to the guidance document, “Usually government budgets provide the financial resources for LSMPA management, but, as public funding declines, funding is being sought from other sources.” Guidance for obtaining financial resources from government or more “creative” sources is very briefly outlined (less than one page), followed by three case studies.

Globally, conservation trust funds are traditionally the most common finance mechanism for LSMPA. Conservation trust funds, which are legally independent institutions that provide financing for biodiversity conservation - including the long-term management costs of protected areas - by mobilising diverse sources of funding and providing grants to multiple programs and projects on the ground through non-governmental organisations, community organisations, and government agencies (Spergel and Mitikin 2013). The efficacy of existing conservation trust funds has been explored by several investigators. In a global review of conservation trust funds for marine conservation, Blandon et al (2014) found the following necessary pre-conditions and factors for success for marine conservation trust funds:

Pre-conditions for marine conservation trust funds:

- a group of diverse stakeholders with a common vision willing to come together
- a demand for funds from capable implementing organisations
 - the existence or possibility of quickly establishing a basic legal and financial framework
 - government buy-in.

Factors for success for marine conservation trust funds:

- A feasibility study
- Diversified system of financing
- Strategic and financial planning
- Strategic partnerships
- Political support
- Financial expertise
- Reporting, monitoring and evaluation

The Conservation Finance Alliance (CFA) developed voluntary practice standards for conservation trust funds to improve their design, management, monitoring, and evaluation over six core areas: governance, operations, administration, asset management, reporting and monitoring and evaluation, and resource mobilisation (Spergel and Mitikin 2013). CFA has also developed an online knowledge portal called the Environmental Funds Toolkit (<https://www.conservationfinancealliance.org/environmental-funds-toolkit/>). Only one of the 75 trust funds included in the toolkit is from the Pacific Islands region - the Micronesia Conservation Trust.

While conservation trust funds are currently a key finance mechanism for LSMPA in the Pacific Islands region, they may be more suitable to some contexts than others. Numerous finance mechanisms for marine conservation are available (www.pacificoceanfinance.org/catalogue). If current trends continue in the Pacific Islands region, then three important questions emerge:

1) For existing LSMPA, are current finance strategies effective?

2) How can existing LSMPA finance strategies become more effective?

3) For potential new LSMPA, what are the most effective finance strategies?

3. Objective of Consultancy Services

The objectives of this contract are to 1) assess the efficacy of existing LSMPA finance strategies, 2) develop recommendations to improve existing LSMPA finance, and 3) develop guidance for new LSMPA finance strategies.

4. Scope of Services

4.1 Assess the efficacy of existing LSMPA finance strategies

Conduct a broad and comprehensive literature review on marine protected area finance including peer-reviewed and grey literatures. Include Pacific region and global literatures.¹

For all known LSMPA sites, conduct an extensive desktop review of finance strategies. Include the following data point in the analysis: LSMPA designation costs, LSMPA ongoing management costs, opportunity costs from the designation of the LSMPA, funding sources, funding mechanisms, estimated funding gaps, and economic incentives / disincentives that the LSMPA governance and finance mechanisms have on stakeholders, communities, and relevant businesses. For each LSMPA conservation trust fund, also assess: the governance arrangements for the fund, the investment of the corpus, and how the corpus investments might benefit or endanger the LSMPA objectives. For each LSMPA innovative finance mechanism, also assess establishment and transaction costs.

Based on the desktop review, identify at least five case study sites for further detailed analysis. The case study sites must include at least two sites in the Pacific region. The other three case study sites should be selected to maximise diversity of finance strategies.

For each of the case study LSMPA sites, conduct an in-depth analysis of the LSMPA finance strategies. Conduct site visits and stakeholder interviews. Document the history, timeline, and costs associated with LSMPA designation. Gather evidence regarding economic incentives / disincentives, opportunity costs, and transaction costs. Assess the amount and quality of financial planning. Describe in detail the finance sources and finance mechanisms that are employed or in planning. Describe financial, social, and economic risks associated with the LSMPA. Assess the funding gap between available funding and optimal management resources. Present draft findings to relevant stakeholders for feedback before finalisation of case study reports.

¹ For this task and all additional tasks that include Kiribati and Tuvalu, coordinate closely with the Asian Development Bank project TA-8565 REG: Pacific Economic Management (Phase 2) - Sustainable Financing of Marine Protected Areas in Kiribati and Tuvalu (47342-001)

4.2 Develop recommendations to improve existing LSMPA finance

Based on the results of the desktop research and the five case studies, and building upon relevant guidance documents - including but not limited to the IUCN WCPA LSMPA Guidelines, Blandon et al (2014), and Spergel and Mitikin 2013 - develop recommendations for improving the efficacy of existing LSMPA finance strategies. The recommendations should be specific to at least five existing LSMPA case study sites and should address, at minimum, how to decrease funding gaps, how to minimise risks through financial diversification, how to access innovative or non-traditional finance, how to minimise perverse economic incentives, and how to strengthen governance of financial resources. Draft recommendations should be presented to relevant stakeholders for feedback before finalisation.

4.3 Develop guidance for new LSMPA finance strategies

Building upon lessons learned from 4.1 and 4.2, develop a guidance document for effective LSMPA finance for new LSMPA. The guidance document should be complimentary to the IUCN WCPA LSMPA guidelines but provide significantly more detailed guidance on:

- * the timing of financial planning relative to other aspects of LSMPA identification and designation
- * financial planning options for LSMPA, with the relative merits of each option and resources included (e.g., flowcharts, templates, etc)
- * best practice for including stakeholders in participatory financial planning for LSMPA
- * potential financial sources for LSMPA
- * potential financial mechanisms for LSMPA
- * feasibility analysis methods and how to identify the most appropriate financial sources and financial mechanisms for a particular LSMPA
- * Diversification and balancing revenue streams for LSMPA
- * Managing perverse economic incentives of LSMPA

Present the draft guidance document to experts in LSMPA management and experts in conservation finance for feedback and revise accordingly. Coordinate a peer-review of the revised draft guidance document. Revise the guidance document based on the peer review, and publish the final guidance document.

5. Institutional Arrangements

FFA and the consultant will sign a lump-sum contract. The Ocean Finance Manager will oversee the contract and provide technical and strategic guidance. The Ocean Finance Project operates under the Fisheries Development Division of FFA and OPOC.

6. Duration of work

The contract shall be complete no later than 1 March 2020.

7. Duty station and travel

The assignment will be carried out from the consultant's office and will include international travel.

8. Qualifications and Experience Requirements

The firm or consortium shall have the following qualifications and experience.

- * Demonstrated experience in LSMPA development, designation, implementation, and finance
- * Demonstrated experience in business planning for protected areas, developing conservation finance mechanisms and strategies, and/or innovative conservation finance research
- * Demonstrated experience in stakeholder engagement regarding controversial conservation issues

It is highly preferred for firm to have demonstrated experience working in the Pacific region and with Pacific Island cultures.

9. Reporting Obligations

Final workplan and stakeholder engagement strategy	15 March 2019
Draft Desktop Review for feedback, including annex on literature review of LSMPA finance	5 April 2019
5 Case Study Reports	25 October 2019
Recommendations for Existing LSMPA	22 November 2019
Draft Guidance Document for feedback and peer review	2 December 2020
Revised Guidance Document after peer-review	20 January 2020
Draft Final Report for feedback	3 February 2020
Final Report	2 March 2020

10.Requirements for the Expression of Interest

FFA now invites consulting firms to submit expression of interest (EOI) in undertaking the assignment. Interested consultants should provide information demonstrating that they have the above required qualifications and experience to perform the assignment. Technical and financial proposals are **not** required at this stage.

A Consultant will be selected in accordance with the Selection of Consultants Qualification (CQS) as set out in the Guidelines for Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers dated January 2011 as Revised July 2014.

Expression of interest and supporting qualification documents must be delivered to the address below (in person, or by mail, or by fax or by e-mail) on or before **4pm Solomon Islands time on 11 February 2019**. Procurement questions may also be addressed to this contact.

Forum Fisheries Agency

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