This is not an ADB material. The views expressed in this document are the views of the author/s and/or their organizations and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy and/or completeness of the material's contents, and accepts no responsibility for any direct or indirect consequence of their use or reliance, whether wholly or partially. Please feel free to contact the authors directly should you have queries.

Partnerships for Coral Reef Finance and Insurance in Asia and the Pacific





1

Why is this important?





- Human well-being depends on the wide range of important services provided by natural ecosystems.
 Healthy coral reef ecosystems provide for
- Healthy coral reef ecosystems provide food (5-10 tons fish/km²/year), generate income (global \$29.8 billion/year) and protection (buffer up to 97% wave energy).
- This bundle of ecosystems services from coral reefs has an estimated value of \$ 2.1 million/ha/year, including provision of raw materials, maintaining genetic diversity, protection from natural hazards, as well as recreation /economic opportunities and aesthetic enjoyment through sustainable tourism.

Core elements of the approach

- Create business case (valuation of natural capital)
- Design sustainable financing mechanism (trust fund etc) and institutional arrangements
- Develop revenue stream for maintenance and investments in strengthening resilience of biodiversity and ecosystems services
- Capacity development and training in post storm response (reef repair, rehabilitation, restoration)
- Risk transfer mechanism parametric insurance trigger (protection of reef and other ecosystems, coastlines, assets and livelihoods)





3



Financing Agencies











National Governments











Local Governments











5

Project Objective: To enable large-scale finance to increase the climate resilience of coastal businesses, communities and livelihoods in selected countries of Asia and the Pacific, through an innovative coral reef financing and insurance model

Participating Countries

Indonesia (7 candidate sites)

Philippines (3 sites confirmed)

Proof of concept

Solomon Islands

(one site confirmed)

Fiji (5 candidate sites)





<u>Proposed Private Sector</u> <u>Development Initiative - TBC (Fiji, Solomon Islands)</u>

Regulatory Analysis for PPP/ Special Purpose Vehicle (FIJI)

Ecosystems valuation at FIJI coral reef sites

Visioning, guiding principles, destination planning and development (SOL)

Post COVID Tourism Market Assessment

Review financing options- market based vs non-market based instruments

Investment roadmap/frameworks
Livelihood development

Global Environment Facility

(GEF)

(Indonesia, Philippines, Solomon

Islands)

Site-based biophysical, socio-economic

assessments

Natural resource damage assessments

Ecosystems valuation at coral reef sites

Post-disaster risk assessment and response capacity developed

Site-based business case for coral reef finance and insurance

Convergence Activities / Outputs

Governance and institutional arrangements confirmed

Structured financing mechanisms with revenue streams created

Risk transfer products (Insurance) operational

Knowledge transfer facilitated

Proposed Asia-Pacific Climate Finance Fund (ACliFF) TBC (Fiji, Indonesia, Philippines, Solomon Islands)

Climate Risk Modeling

- Coral reef damage models
-Cost / benefit reef rehabilitation /

restoration
-Data correlation/analysis

-Open source multi-hazard data base access

- Replication, scaling, knowledge

-Capacity development/training



Sustainable Tourism Development Project (Philippines)

- Integrated ecosystem management planning and implementation for tourism clusters (EL NIDO, CORON)
- Revenue generation/diversification for sustainable financing (PALAWAN)

-Capacity development and livelihoods support (PALAWAN)





7

Will complement a range of initiatives and programs











Thank you!