



GLOBAL FUND FOR
CORAL REEFS

ANNUAL NARRATIVE REPORT:
Mamuhunan sa mga MPAs
January – December 2023

Report submitted by:

Blue finance

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Programme Overview

Programme Title & Project Number	Programme Duration
Programme Title: Mamuhunan sa mga MPAs ('responsible investment in MPAs') Programme Number: 00129652	Start Date: December 2021 End Date: December 2029
Programme Location	Co-recipient Organisation/s and Implementing Partners
Country: Philippines Priority Coral Reef Site/s: North Mindoro, Calamian Islands, Palawan North East, Tanon Strait Protected Seascape	Co-recipient Organisation/s: UNCDF Implementing Partner/s: Blue Alliance, Blue you, Ubá Sustainability Institute, Blue Wild ecoventures

Total Approved Budget

Total GFCR Budget: 3,094,520 USD
Convening Agent: Blue finance
UNCDF Blue Bridge: 1,819,446 USD

Total Approved co-financing from other sources: 1,382,000 USD
Co-funder 1: IUCN Eba Fund USD222,000 (grant)
Co-funder 2: UBS Optimus foundation: USD100,000 (grant)
Co-funder 2b: UBS Optimus foundation: USD500,000 (impact loan)
Co-funder 3: Genesis Charitable foundation: USD200,000 (refundable grant)
Co-funder 4: ORRAA: USD360,000

GFCR Preparatory Grant awarded from proposal development: Yes

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● Executive Summary

To enhance the management of the MPAs in the Philippines, the Global Fund for Coral Reefs (GFCR) supports an 8-year programme led by Blue finance. Launched in July of 2022, the programme named 'Mamuhunan sa mga MPAs ('Responsible Investment in MPAs') is setting up a facility aimed at building well managed and financially sustainable MPAs. The 2030 objectives are to:

- Enhance the management capabilities and financial sustainability of more than 80 MPAs;
- Regenerate approximately 54,000 ha of high-biodiverse coral reefs and overfished fishing grounds;
- Have a positive impact on the livelihoods of an estimated 300,000 fisher and coastal community members (the majority of whom are below the poverty level).

The initiative commenced with a pilot site in North Oriental Mindoro, in the Verde Island Passage (VIP) area, where innovative long-term delegation of management agreements have been signed for a network of 12 MPAs. These agreements are arranged between local governments and Blue Alliance (BA), a sister company of Blue finance. BA is a special purpose entity (SPE) created specifically for the management of the MPAs. BA board includes well-embedded local community partners.

The MPAs aim to become financially sustainable by creating tangible revenue streams that are reinvested directly back into each MPA through Blue Alliance. For North Oriental Mindoro MPA network, first revenues are expected by end-2023 until financial sustainability of the MPAs is attained by 2026 (i.e., covering their annual operational expenditures). A similar approach is being replicated in North East Palawan with preparatory activities in progress for more than 50 MPAs.

Main revenues for the MPAs will come from the following pipeline of reef-positive solutions, which are already in development:

● **Reef Positive Solution #1:** Responsible ecotourism programmes generating contributions to the MPAs through new product development and facilities, destination & product marketing, tourism awareness and engagement campaigns. Revenues are expected to start in Q4 2023. More precisely, the following progress have been made:

- In Puerto Galera, we have been raising awareness and engagement with tourism stakeholders with the objective of raising voluntary donations. For scuba diver visitors, we have developed partnerships with more than a dozen dive resorts and opened the opportunity to present our management and protection work, along with various donation options to resort guests. First revenues received in late Q4 2023.
- The destination marketing portal has been developed (<https://www.divemindoro.org/>).
- At Calapan MPAs (Harka Piloto and Tatlong Pulo), sites with exceptional dive potential, but with negligible tourist volumes and little suitable infrastructure, we are developing a deeply immersive and intimately guided underwater experience to attract divers. Market launch planned in Q3 2024.
- At Calapan Harka Piloto, the challenge is more long-term. We are engaged with the local government in exploring infrastructure options, and once decided a destination marketing exercise will be initiated.

● **Reef Positive Solution #2:** A highly engaging visitor centre, 'The Sea Sensorium', getting guests in touch with fascinating marine life in new and exciting ways, through high-tech interactive experiences; the

creative concept has been fine-tuned to adapt to local context and demand ([draft building perspectives](#)). The site lease agreement initially signed with the local government ([aerial photo](#)) in Puerto Galera has not been respected and we're looking for a new location in Palawan. Next steps include final designs, permits, production & construction, pre-opening operations. Pre-opening is expected in Q3 2025.

- **Reef Positive Solution #3:** Restoration and conservation of mangroves as major carbon sinks and key ecosystems for coastal management. Projects will generate blue carbon credits through a close partnership with communities and Ubá Sustainable Institute, an international carbon credit expert company. Activities have been completed with the effective recruitment of the local project management team, satellite-based analysis of the historical situation of mangrove in VIP, ownership assessment of the different mangrove plots and desktop analysis of sea level rise in the region. We have now started negotiating agreements with owners as well as the certification of credits. First revenues coming from potential credit off-taker are expected by Q3 2024.

- **Reef Positive Solution #4:** A hatchery/nursery company of mangrove crabs (*S. serrata*) providing crablets to fishpond owners and local communities through an extensive grow-out approach. The solution prevents the over-exploitation of wild stocks, generates incomes for coastal households and regenerates mangroves in fishponds. The project is implemented in VIP Or. Mindoro with the technical assistance of Blueyou, an international aquaculture expert company. The project started in 2023 with a 24-month grow-out pilot phase broken down in 3 cycles of growth and harvest. Pilots will confirm biological and physical conditions of the extensive grow-out approach while the final design and construction of the hatchery/nursery facility is completed. Activities implemented so far include the recruitment of a local project management team and local experts; farming agreements formalised with 3 initial local fishpond owners for the pilot, plot purchased for the hatchery/nursery facility, final design completed for the hatchery/nursery facility and initial commercial agreements being developed with sustainable seafood marketing companies. The construction of the hatchery/nursery facility will start in 2024. First revenues from the sales of the adult crabs are expected in mid-2025, once the hatchery/nursery facility is operational.

- **Reef Positive Solution #5:** A hatchery/nursery/processing company of sea cucumber (*H. scabra*) providing fingerlets to local communities through an extensive grow-out approach in shallow coastal areas. The pre-feasibility and feasibility studies have been completed confirming the potential for sea cucumber aquaculture in & around VIP and Palawan MPA areas. The best areas for sea cucumber grow-out have been confirmed and a plot for the hatchery and nursery facility has been purchased in Mindoro. Initial agreements have started with local Governments to implement concessions of the sea cucumber farms for the local fisherfolks. Next steps include a pilot project of 15-20ha with sea cucumber farms meanwhile the final design and construction of the hatchery/nursery/processing facility is completed.

- **Reef Positive Solution #6: The MPA Blended finance facility**

Blue finance has designed an innovative “**MPA blended finance facility**” to provide adequate upfront and early-stage capital for the establishment of sustainable MPAs. The facility leverages the support from the Global Fund for Coral Reef and syndicates catalytic funding from other donors with concessional loans from impact investors.

A long-term loan agreement has been signed with UBS Optimus Foundation for US\$500k and a US\$200k refundable grant agreement has been engaged with Genesis Charitable trust, both for the present

project in North Mindoro. The loan has an interest rate relief, based on social & environmental outcomes (i.e. the more the MPA performs, the less interest to be paid).

Other investors such as Mirova Natural Capital and BNPPARIBAS have confirmed interest in the facility and we are finalising the loan agreement (expected for Q1 2024). The facility goes beyond the Philippines and also aggregates Blue finance's other MPA projects in the Global South (Indonesia, Tanzania, Cabo Verde).

The Key Performance Indicators (KPIs) for the facility are being designed with the investment partners (and GFCR).

- **Reef Positive Solution #7: Parametric climate insurance**

In 2022, 2 typhoons have come very close to our MPAs. The frequency seems to be increasing from one year to another. An innovative **climate insurance** has been developed with AXA Climate to cover potential revenue losses and damages to the MPAs in case of an extreme climate event. The insurance has been designed to cover MPA management costs and MPA/reef positive businesses' equipment replacement in case of a hurricane (business interruption). The insurance coverage started in April 2023 and initial premium costs were covered by a grant from Howden.

- **Other revenue streams** are being explored from **fishery improvement projects** with Live reef trade fishery and other **community-based aquaculture** businesses such as lobster and grouper. Their feasibility is expected to be completed before Q3-2024 with potential development starting in 2025 for selected solutions. The feasibility of **plastic recycling** has been conducted with analysis of existing facilities and volumes. Results showed that small scale collection centres working with a bigger recycling center in Manila and leveraging our community engagement campaigns in and around our MPAs would be the best option. We are looking for a technical partner to drive this reef-positive solution.

In the field, with the catalytic support of Global Fund for Coral Reefs, and other donors, Blue Alliance Philippines has been implementing day-to-day activities for the Mindoro MPA network related to environmental compliance (patrolling to control illegal fishing), community engagement (through events and workshops), conservation actions (e.g. invasive crown-of-thorns removal campaigns), and community livelihood development (3 programs in progress).

At the same time, baseline ecological data has been collected on coral reefs and fish biomass (through underwater surveys) as well as on socio-economic data (through fish catch landing campaigns).

Baseline data from the MPA stations show an average of:

- Live coral cover: 27% inside the MPAs
- Commercial reef fish biomass: 23mt/km² inside the MPAs

We are monitoring changes over time, as well as inside and outside MPAs, in order to determine if/how our MPAs are functioning.

Primary next steps during 2024 include:

Reef-positive businesses:

- Implement the 3rd and final pilot mangrove crab farming and start the construction of the hatcher facility;
- Finalise the blue carbon negotiation with landowners and close the deal with off-takers, finalise the initial studies of mangroves forests in Palawan;
- Identify a new location for the sea sensorium visitor centre and start the licensing process;
- Implement the pilot farms for sea-cucumber in Palawan and Mindoro;
- Complete feasibility studies fish supply chain;



Blended finance facility for MPAs

- Finalise the design of the blended finance facility.
- Close funding with impact investors and donors for the first cohort (US\$2m)
- Renew the parametric climate insurance

MPA activities:

- Engage new agreements for the delegation of management of additional 40 MPAs in Palawan and Mindoro;
- Reduce threats such as illegal and destructive fishing in 50 MPAs in Mindoro and Palawan through law compliance activities;
- Continue the development and implementation of the MPA programmes in Mindoro and Palawan through community development & engagement, biodiversity conservation & science, management & infrastructure.



I. Priority Sites

Priority Site #1 – Mindoro MPA network:

MPA/LMMA/OECM	Area (ha)	Coral Reef Area (ha)	GFCR Solutions
TOTAL Network : 24 MPAs	171 856	587	
Calapan MPAs (x4) and OECM	26 757	35	BW ecoventure (ecotourism), coral safari, Mangrove crab aquaculture, Sea cucumber aquaculture, Blue carbon
Puerto Galera MPAs (x4) and OECM	14 121	299	
San Teodoro MPAs (x2) and OECM	4 621		
Baco MPA (x1) and OECM	16 201	5	
Abra de Ilog MPAs (x3) and OECM	34 049	12	
Sablayan MPAs (x10) and OECM	76 105	236 (TBC)	

Priority Site #2 – NE PALAWAN MPA network

MPA/LMMA/OECM	Area (ha)	Coral Reef Area (ha)	GFCR Solutions
TOTAL Network : 64 MPAs	793 527	11 557	
Araceli MPAs x 24 and OECM	247 389	3267	BW eco cruise (ecotourism), coral safari, Sea cucumber aquaculture, Blue carbon, Fishery improvement project
Dumaran MPAs x19 and OECM	95 704	2501	
Roxas MPAs x 14 and OECM	142 962	3400 (TBC)	
Taytay MPAs x4 and OECM	294 472	2300 (TBC)	
El nido MPAs x3 and OECM	13 000	89	

Priority Site #3 – Calamian island Group

MPA/LMMA/OECM	Area (ha)	Coral Reef Area (ha)	GFCR Solutions
TOTAL Network : 17 MPAs	250 000	4 100	
Coron MPAs x7 and OECM	70 000	1800 (TBC)	



Linapacan x5 MPAs and OECM	120 000	1500 (TBC)	
Culion x 2 and OECM	30 000	500 (TBC)	
Busuanga x3 and OECM	30 000	300 (TBC)	





II. Partners

Co-recipient(s)

Name of Partner	Type	Activity or Solutions supported	Type of Agreement (i.e. MOU or other)

Co-implementer(s)

Name of Partner	Type	Activity or Solutions supported	Type of Agreement (i.e. MOU or other)
Blue Alliance Philippines	NGO	MPA activities and preparation of reef-positive businesses with communities	Grant agreement
Rare	NGO	MPA network in Tanon Strait	MOU target 2025
Local Governments of Calapan, Baco, Sn Teodoro, Puerto Galera, Abra de Ilog, Sablayan	Public	Co-management of MPAs	Delegation of management agreement for 10y renewable
Local Governments of Araceli, Dumarán, El Nido, Taytay, Roxas	Public	Co-management of MPAs	Delegation of management agreement for 10y renewable
Department of Natural Resources	Public	Sustainable financing of MPAs	MoU signed in 2021
Community organisations in Calapan, Baco, San Teodoro, Puerto Galera, Abra de Ilog, Sablayan	CSOs	Co-management of MPAs	MoUs signed in 2021
Community organisations in Araceli, Dumarán, El Nido, Taytay, Roxas	CSOs	Co-management of MPAs	MoUs targeted during 2024
Blue You	Private business	Technical assistance for Mangrove crab aquaculture	Service agreement



Asili Ltd	Private business	Technical assistance for seacucumber aquaculture	Service agreement
Sea cucumber consultancy	Private business	Technical assistance for seacucumber aquaculture	Service agreement
Uba Sustainable Institute	Private business	Technical assistance for Blue carbon	Service agreement
SEAFDEC	Research Institution	Technical assistance for Mangrove crab aquaculture	Service agreement
Blue Wild	Private business	Ecotourism program	Service agreement
University of Philippines	Research Institution	Coral reef monitoring innovative methods	Grant agreement

Coordination

Each partner has a different scope of work. We meet every 6 months through our MPA Stakeholder advisory committees (SACs) with each one of the Local Governments of Calapan, Baco, Sn Teodoro, Puerto Galera, Abra de Ilog, Sablayan, Araceli, Dumarán, El Nido, Taytay, Roxas to review progress on the MPA workplans and regulations. We meet at least once a year with central and provincial Government agencies such as Environment, fisheries and tourism. These agencies are part of the SACs also.

We have regular and frequent M&E with our technical assistance partners such as Blue You, Uba and Blue Wild to monitor the progress on activities. We have constant coordination work with the Blue alliance team for field work implementation.

Lessons and Needs

- The PPP approach, where the public sector delegates the management of MPAs, is new in the Philippines. We are now dealing with more than 10 Local Governments (LGUs), each one with its own understanding and support to the co-management. Compared to 2022, when we started, good progress has been made in collaborating closely with LGUs (e.g. sharing staff, secondment contracts, regular meetings, joint patrols and activities in the field) . At Provincial and central Government level, we need to improve our communication to have them more onboard and supportive of the PPP project.
- The development of the reef-positive businesses integrated into ‘Blue alliance’, the local non-profit company has presented some challenges re team integration, internal communication, and organisation. BA implements at the same time conservation activities of the MPAs with very different teams from the businesses. It was decided then to structure the reef-positive businesses as stand-alone entities. Blue Alliance (Philippines and International) are the sole/majority owner.
- Rare has mentioned their collaboration will be limited to Tanon Strait seascape. This area is planned to start not before mid 2025. In that regard, this collaboration is on hold until further notice. We have approached several local partners to work on the fish improvement project as well as saving bank programmes. Please note this collaboration has more a livelihood development objective than a revenue generating approach.



- The political will to enforce fishery regulation in one of our MPAs remains weak (even if it has improved with a new technical team incorporated lately). Local Government is still very loose with prosecutions. No concerns with the other Local Government Units.
- The discussions to develop the new co-management agreement in Calamian islands have progressed following our visit but more meetings are needed to properly explain the approach and reduce potential concerns.



III. Programme Milestones

No delays to report

Outcome 1: Protection, effective management and sustainable financing of priority coral reef sites and climate change-affected refugia	Annual Targets	List of activities	Time Frame (Y1Q1=July-Sept2023)				Activity Progress report 2023	
	Year 2		Outcome progress report 2023	2023				
				Q 1	Q 2	Q 3		Q 4
Output 1.1: Increased area of new climate refugia and priority sites designated as MPAs or LMMAs	2 MPA network co-management SPE established with a long term management lease	Completed 2 MPA networks under co-management in Mindoro and Palawan	Activity 1.1.1: Design of co-management arrangements, detailed business plans for the MPAs and set-up of the Special Purpose Entities in the 3 MPA networks of Calamian Island, Tañon Strait and Verde Island Passage	x	x	x	x	Activity 1.1.1: Design of co-management arrangements - completed. The agreements in Palawan have been signed in 2 LGUs. Work in Tanon Strait is programmed in 2025.
			Activity 1.1.2: Stakeholder engagement and advocacy in the 3 MPA networks	x	x	x	x	Activity 1.1.2: bi-annual stakeholder Advisory Committees are held in each MPA network with more than 20 participants from Government, communities, NGOs, businesses. Amendments have been made to the co-management agreement based on Government and local stakeholder inputs; individual meetings have been held with local Governments and stakeholders
			Activity 1.1.3: MPA screening, feasibility study and selection of new priority sites in Philippines					Activity 1.1.3: Done for NE Palawan and Occidental Mindoro Initial works with Central Government to identify new MPA networks
Output 1.2: Strengthened management, enforcement and monitoring systems of MPAs by SPEs.	10,000 ha coral reef under active MPA management (cumulated)	343,000 ha coral reef under active MPA management	Activity 1.2.1: Technical & Scientific assistance and trainings in coral reef conservation and natural resource management	x	x	x	x	Activity 1.2.1: Final monitoring methodology for KPIs on coral reef and fish, MPA effectiveness, CPUE, blue carbon and social impacts is progressing. Trainings and capacity building sessions have started in Q12023 with the Team and partners
			Activity 1.2.2: Project Management Office for the SPEs and capacity building to upskill SPEs and MPAs on social entrepreneurship and sustainable business management	x	x	x	x	Activity 1.2.2: Project Management Office assistance has been provided for the Blue Alliance SPE in 5 main pillars: Surveillance, Community development, Science&Conservation, ecotourism, community-based aquaculture (crab) and infrastructure and management.



Output 1.3: Preparation and management of public and private investment for MPAs to address some of the key drivers of coral reef degradation	2 Bankable MPA projects ready for investment transaction	5 bankable MPA projects ready for investment (Blue wild ecoventures, Aquahub mangrove crab, Aquahub sea cucumber, Sea sensorium, blue carbon)	Activity 1.3.1: Design and implementation of the business plans for the 3 MPAs with main revenue strategy based on 3 interventions:	x	x	x	x	Activity 1.3.1: investment memos and business plans for the VIP MPA have been designed.
			Activity 1.3.2: Design of the MPA blended investment finance facility for aggregating the investments in the SPEs	x	x	x	x	Activity 1.3.2: MPA impact loan facility has been designed in collaboration with impact investors (debt). Refundable grant agreement are prepared with donors
			Activity 1.3.3: Fundraising with a pool of investors & donors	x	x	x	x	Activity 1.3.3: Fundraising with a pool of investors & donors : 2 investors have signed , 2 investors are committed (hard) and 2 donors are confirmed
			Activity 1.3.4: Design of harmonised Key Performance Indicators (KPIs) and results metrics for MPAs	x	x	x	x	Activity 1.3.4: Key Performance Indicators (KPIs) and results metrics for MPAs have been designed and agreed with selected impact investors
Output 1.4: MPA blended finance investment facilities mobilise public and private investment for MPAs to address some of the key drivers of coral reef degradation	>US\$5M identified for the SPEs	US\$6.3m identified US\$3m impact loan from 3 impact investors US\$3.3m refundable and non refundable grants confirmed	Activity 1.4.1: Co-fund early-stage CAPEX of the 3 SPEs managing the MPAs	x	x	x	x	Activity 1.4.1: Impact loans and grants for the early-stage CAPEX / working capital of MPAs and 4 Reef positive businesses . Term sheet approved with 2 investors
			Activity 1.4.2: Co-fund early-stage CAPEX of 2 additional SPEs					Activity 1.4.2: Initial work in progress, Phase 2 for the facility
Outcome 2: Transforming the livelihoods of coral reef-dependent communities								
Output 2.1: A pipeline of reef-positive businesses that generate returns for MPAs and address key drivers of coral reef degradation in & around the MPAs is developed	2 bankable projects ready for investment	5 bankable MPA projects ready for investment (Blue wild ecoventures, Aquahub mangrove crab, Aquahub sea cucumber, Sea sensorium, blue carbon)	Activity 2.1.1: Finalise the preparation for an investment transaction in a hatchery and extensive aquaculture for mangrove crab in the VIP	x	x	x	x	Activity 2.1.1: The pre-commercial development in pilot locations is in progress and going as expected. Plots for hatchery have been purchased
			Activity 2.1.2: Scoping and development of a pipeline of projects in reef-positive businesses	x	x	x	x	Activity 2.1.2: Seacucumber project feasibility has been completed and best locations identified for grow-out. A pipeline of additional projects in reef-positive businesses (plastics, supply chain fishery) is being scoped with pre-feasibility studies in progress



			Activity 2.1.3: Preparation for investment transactions into the pipeline of reef-positive businesses.	x	x	x	x	Activity 2.1.3: 1 investment transaction has been prepared for the mangrove crab and Sea Sensorium. Other pipelines of reef-positive businesses are in prep.
			Activity 2.1.4: Investment and technical assistance for implementation			x	x	TA activities from Blueyou (mangrove crab) and Uba (Blue carbon) are on-going: planning, budget, contracts with farmers, human resources
			Activity 2.1.5: Upskilling local businesses and communities through trainings and mentorship programmes				x	Activities planned only in Q4 during the reporting period. Livelihood programme started in Puerto Galera with fishers in small scale aquaculture and trading
Output 2.2: The MPA blended finance investment facilities mobilise public and private investments for reef-positive businesses that generate investment returns for MPAs and address specific drivers of coral reef degradation	>US\$3M identified for the pipeline of bankable projects	US\$6.3m identified US\$3m impact loan from 3 impact investors US\$3.3m refundable and non refundable grants confirmed	Activity 2.2.1: Co-fund, in 2022, early-stage CAPEX costs of the mangrove crab aquaculture business.					Activity 2.2.1: Completed in 2022 1 investment transaction has been negotiated for the initial mangrove crab project with impact investors and donors, total US\$0.25m fundraised for a total of US\$1m approx.
			Activity 2.2.2: Co-fund early-stage CAPEX costs of the pipeline of nature-based ecotourism.			x	x	Activity 2.2.2: 1 investment transaction has been negotiated for the sea sensorium with impact investors and donors, total US\$0.5m fundraised for a total of US\$2m approx.
			Activity 2.2.3: Co-fund early-stage CAPEX costs of the pipeline of aquaculture of overfished reef fishes.			x	x	Activity 2.2.3: 1 investment transaction is being negotiated for the seacucumber and mangrove crab aquaculture projects with impact investors and donors
			Activity 2.2.4: Co-fund early-stage CAPEX costs of the pipeline of micro-finance & fishery supply chain improvement					Activity 2.2.3: Not expected in 2023 - Feasibility completed for micro-finance and in progress for fishery improvement project

IV. Programme Progress Overview

A. Outcome and Output Progress and Challenges

The summarised activities and outputs achieved are:

A. More than 80 activities in fundamental fields of conservation and MPA operations have been implemented in the MPA network in VIP-North Oriental Mindoro:

- Control of illegal fishing through daily patrolling in & around the MPAs
- Incorporation of the MPA management team and enforcement team
- Purchase of basic scientific and surveillance equipment, vessel and ranger's stations
- Training for enforcement officers and community rangers (in addition to monthly BD meetings in each municipality and quarterly enforcement orientations) (ave. 25 persons),
- Community engagement and awareness campaigns– Coastal Clean Ups (150 persons); Public Consultation in Calapan, Puerto Galera); People Organisation's (PO) meetings 2 times per year x 4 LGUs; MPA Summit (80 persons); Sea Turtle Training (25 persons)
- Community development through 3 livelihood programmes including training for micro-enterprises (X2 trainings);
- Monitoring of coral reefs, fish populations, mangroves and fishery productivity through baseline ecological data collection campaigns
- Marine conservation activities through invasive crown-of-thorns removal campaigns (X20 campaigns, 20 COTs Warriors (Fishers who remove COTs) +24,000 individuals removed) and sea-turtle management of nesting sites & interventions
- Monthly meeting with the Municipal Coastal Resource Management Coordinators (CRM)

These activities have contributed to outcomes 1.1 and 1.2

B. Preparatory activities for the pipeline of Blue Economy reef-positive businesses including:

• **Reef Positive Solution #1:** Responsible ecotourism programmes generating contributions to the MPAs through new product development and facilities, destination & product marketing, tourism awareness and engagement campaigns; Revenues have started in Q4 2023. More precisely, the following progress have been made:

- In Puerto Galera, we have been raising awareness and engagement with tourism stakeholders with the objective of raising voluntary donations. For scuba diver visitors, we have developed partnerships with more than a dozen dive resorts, opening the opportunity to present our management and protection work, along with various donation options to resort guests. First revenues received in late Q4 2023.
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Next steps include final designs, permits, production & construction, pre-opening operations. Pre-opening is expected in Q3 2025;

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- **Reef Positive Solution #6: The MPA Blended finance facility**

Blue finance has designed an innovative “MPA blended finance facility” to provide adequate upfront and early-stage capital for the establishment of sustainable MPAs. The facility leverages the support from the Global Fund for Coral Reef and syndicates catalytic funding from other donors with concessional loans from impact investors.



A long-term loan agreement has been signed with UBS Optimus Foundation for US\$500k and a US\$200k refundable grant agreement has been engaged with Genesis Charitable trust, both for the present project in North Mindoro. The loan has an interest rate relief, based on social & environmental outcomes (i.e. the more the MPA performs, the less interest to be paid).

Other investors such as Mirova Natural Capital and BNPPARIBAS have confirmed interest in the facility and we are finalising the loan agreement (expected for Q1 2024). The facility goes beyond the Philippines and also aggregates Blue finance's other MPA projects in the Global South (Indonesia, Tanzania, Cabo Verde).

The Key Performance Indicators (KPIs) for the facility are being designed with the investment partners (and GFCR).

- **Reef Positive Solution #7: Parametric climate insurance**

An innovative **climate insurance** has been developed with AXA Climate for the MPAs of the Philippines in case of an extreme climate event. The insurance has been designed to cover MPA management costs and MPA/reef positive businesses' equipment replacement in case of a hurricane (business interruption). The insurance coverage started in April 2023 and initial premium costs were covered by a grant from Howden.

- **Other revenue streams** are being explored through **fishery improvement projects** with Live reef trade fishery, **micro-finance projects** and other **community-based aquaculture** businesses such as lobster and grouper. Their feasibility is expected to be completed before Q3-2024 with potential development starting in 2025 for selected solutions.

The feasibility of **plastic recycling** has been conducted with analysis of existing facilities and volumes. Results showed that small scale collection centres working with a bigger recycling center in Manila and leveraging our community engagement campaigns in and around our MPAs would be the best option. We are looking for a technical partner to drive this reef-positive solution.

These activities have contributed to outcomes 1.3, 1.4, 2.1 and 2.2.

B. Monitoring and Evaluation

Biophysical Monitoring

BA is responsible for M&E. During the reporting period, work focused on using baseline data collected in 2022-23 and historical information to establish realistic targets from which MPA Impacts and Key Performance Indicators (KPIs) could be determined. We also investigated a variety of other promising methodologies for improving our data.

Biophysical monitoring for reef health was carried out by the BA Science team at 22 stations in Oriental Mindoro (Table 1) 2022-23. Sites were established at known existing monitoring locations¹ and other areas that were deemed representative of general reef conditions. Four types of monitoring sites were established. These include:

- Core: No-take zones within MPAs,
- Control Sites: Fishing-allowed zones outside MPAs²
- Sustainable Use: Limited fishing allowed (only in Puerto Galera) inside MPAs
- Potential MPAs: Areas proposed by either the Blue Alliance or the government as MPAs, but not yet designated

Data was collected on a range of reef health indicators, however live hard coral cover, physical damage index, fish biomass and diversity which are most relevant to reef health and the impact of our management efforts are reported here. Fish productivity monitoring (outside MPAs) is in process and the data is in the process of being analysed.

Commercial fish monitoring is carried out twice annually (once per season). Monitoring for commercial fish is being complemented with CPUE (Catch Per Unit of Effort) data for productivity. Catch per Unit Effort refers to the use of catch records for a stipulated standard effort (time or gear) to assess fish productivity (and livelihoods). It is a direct measurement of the potential improvements of MPAs on fish productivity in the adjacent fishing ground and an indirect measurement of the abundance of target species within the MPAs. Improved catches outside the MPA are expected to occur via spillover (and larval export). The underlying theory (of spill over) being that population sizes and abundance increase within protected areas and then will cross the boundary into adjacent fishing grounds, where they can be captured. Many reef fish have small home ranges and especially given the small sizes of our MPAs, the spill over area is expected to be in the range of 1 km per side of the MPAs for the primary commercial reef species (*Scaridae sp.*, *Acanthuridae sp.*). This data is currently being analysed for 2022-23.

Monitoring was (and is to date) successful, as BA has a very capable team and can outsource for capacities that cannot be found in-house (e.g. photo quadrat analyses for benthic cover. The team is building up internal capacity to analyse this data in house, as is done with the other data collected. BA has also enhanced its global science team by hiring a fisheries biologist, with extensive statistical analysis experience.

¹ Reef Check and Community Monitoring

² Control sites were chosen to be as close as possible to Core reefs - *inter alia* reef type, depth, environmental conditions.



One challenge is data entry for benthic elements. We are collecting copious amounts of data, which requires input to the MERMAID database. There is no seamless transition from CoralNet (where analysis data is currently housed) to MERMAID. We have had a few meetings with the MERMAID team, and believe most of the challenges have now been addressed.

The establishment of a water quality monitoring programme has continued to be difficult. BA has however now linked with the Nanyang Technological University, which has offered support in terms of expertise and equipment.

A primary challenge is related to the setting of targets. In order to do this effectively, trends need to have been previously established (rather than a single baseline), from which projections can be made. As we build up our database, we expect that our targets will change.

Our primary targets have however been established as are reported in the Results Framework Annex.

C. Protected Areas Management Effectiveness

The Blue Alliance Philippines has enhanced MPA effectiveness in Oriental Mindoro and Abra de Ilog both in terms of building the teams to manage, monitor, educate and enforce MPA regulations and increasing their capacities. The BA team was built from the very first employee, to 79 staff including an MPA Manager and Science, Enforcement, Community, Eco-tourism and Reef positive business teams. By the end of 2023, 6 Co-management agreements were signed with LGUs to jointly manage the protected areas under their jurisdiction. This equates to BA with a long-term mandate to co-manage a total area of 377,188 ha of municipal waters, 8,638 ha of LMMA and 3,631 ha of coral reef.

To date (March 2024) BA has already signed co-management agreements with 3 additional LGUs and expects to sign another 2 prior to year end. We expect to increase municipal waters to 999,432 ha, LMMA area to 28,076 ha and coral reef to 6,457 ha by 2032.

BA's activities contributing to the management effectiveness can be categorised as:

- wildlife monitoring and conservation through field activities and scientific data collection campaigns.
- compliance to control destructive and illegal fishing practices through daily patrolling, training for enforcement officers, community engagement and awareness campaigns
- revenue stream development through preparation of the sustainable eco-tourism business, blue-carbon, and community-based aquaculture;

BA trained a total of 191 persons (124 male & 67 female), that included staff, community members, divers and the youth. Training included English classes, Diving certifications, Safety at Sea, Fishery Law Enforcement, Sea Turtle Conservation, AI for Fish identification (Fish-i), eDNA sample collection, BRUVs and Coral Reef Ecology. All training was done with the aim of improving knowledge on our MPAs and/or enhancing skills that would assist in conservation efforts.

BA works with a number of communities and organisations, such as the Tamauyan-Bulaso MPA Management Council, Dulangan Seagrass Association, Mangingisda sa Tabinay, Puerto Galera Divers Association, Silonay Mangrove Conservation Area and Ecotourism organisation. These include people



who work with coral reefs as well as their supporting ecosystems – seagrass beds and mangroves. BA also works with 5 research partners that includes universities and NGOs.

All MPAs in the Or. Mindoro MPA networks were assessed in 2022 for reef health and in 2023 for commercial fish (MPA effectiveness). Surveys will be carried out every 2 years for reef health and quarterly for commercial fish. Stakeholders involved include the Local Government Units (LGUs) of Calapan, San Teodoro, Baco and Puerto Galera, the Bantay Dagat and BAKOD. Catch per Unit Effort Monitoring is also carried out quarterly and the science programme is expanding to include water quality monitoring. Reef positive businesses in terms of eco-tourism, mangrove crabs and sea cucumbers are all in pilot or advanced stages.

D. Enabling Policy Environment

Institutional agreements:

By the end of 2023, 6 Co-management agreements were signed with LGUs to jointly manage the protected areas under their jurisdiction. The co-management agreement is a service contract defining a delegation of management from a public institution (=Local Government Units) to a non-profit entity (=Blue Alliance). The agreement is signed for 10 years, is renewable and defines :

- the responsibilities and activities of each partner in the day-to-day management of the MPAs
- the collection and revenue distribution of user fees (if any)
- the monitoring and governance structure
- breaching penalties

For mangrove crab (solution 4), 3 agreements have been signed with local fishpond owners for pilot experimentations. The main objective is to engage with local fish farmers in the grow out phase of mangrove crabs and test the viability of outsourcing this phase of the crab production value chain while we build in parallel the facilities to breed and grow crab larvae up to crablets.

For blue carbon, Blue Alliance is now part of the Global Mangrove Alliance (GMA) Philippines. This will help to clarify the land tenure approach and benefit sharing mechanism with the government.

E. Gender Mainstreaming

The gender landscape has changed little from our original reporting in 2022. Supporting gender equality and growing women coral champions continues to be a key focus for Blue finance. Extensive consultations were carried out with communities prior to the start of our programme, in order to understand the gender context and especially the needs of women in the coastal communities surrounding the Marine Protected Areas. Identified challenges, concerns and needs are included in our plan and are continually updated.

Our Gender Policy incorporates the empowerment of not only women and girls, but all manifestations of inequality. In the Philippines for example, young boys are perhaps as much at risk of exploitation as young girls and women. With our core focus on daily MPA management across four interrelated areas - Science & Conservation, Community Development, Enforcement and Sustainable Revenues - there is currently no dedicated capacity to lead gender reform. Instead we will partner with specialist organisations such as the Stairways Foundation that lead the way in aiding at risk children, especially boys. Blue Alliance staff are actively involved in training children from the foundation on marine conservation and ecology, with plans to integrate them into our bio-physical monitoring programmes, starting with dive training. We also have mapped out activities to reach school children through school programmes, which will be implemented in 2024.

We are well-placed to integrate women, provide training and ensure that the benefits from our programmes are not restricted to men. To date, women have participated in all MPA meetings, often with them making up the majority of meeting participants. Even in cases such as our blue economy mangrove crab project meetings, where the fishpond owners are all men with the exception of one woman, women are targeted to play major roles in the maintenance of ponds and growing of crabs.

There is increasing discourse about women in the field and our Community Resource Monitors (CRM) coordinators are primarily female, however the majority of people in our projects – including government officials are men. Of note though – 4 of the Mayors with whom we have co-management agreements are female.

The reality is that, in spite of our Gender Action Plan which seeks to ensure greater participation of women in biodiversity conservation, participatory management, community development, enforcement and revenue generation, so far many of these activities continue to be male-dominated.

Blue Alliance encourages the inclusion of women in enforcement and training primarily through word of mouth. Our intention is not to coerce women into roles such as patrols, in which, to date, there seems to be little interest, but to ensure that they have the exposure to and training if they wish to participate. Of note are the 17 female members of the sea stewards called Bantay Dagat. However, even within the Bantay Dagat, women have tended to keep to traditional roles of cooking and other means of revenue generation. We have offered to train the female Bantay Dagats to dive and are actively encouraging young women to join our team as providers of our Blue Talks - environmental talks presented to hotel guests. Our Eco-tourism team is completely comprised of females. To date, we have had no success in gaining females for enforcement and dive related roles specifically, but will continue to provide the necessary opportunities. We believe the lack of uptake is due to lack of current interest. Our goal therefore is to increase communications about the women in our organisation and the work they.

As part of our communications strategy, we have kickstarted an ongoing social media campaign to regularly highlight females in different roles and respective fields - from the mud crab farmer and rangers to fisherfolk and the diving industry – and share their stories. Blue finance and Blue Alliance have trailblazing female team members that are paving the way for young girls and women to become coral champions and we will continue to profile them as part of our communications - our goal is to increase awareness and encourage greater participation.

We're cognisant of the fact that women may often have other responsibilities such as taking care of children and that they might also feel intimidated in male dominated groups. With that in mind, we're in the process of developing safe spaces for women to visit at times and places convenient to them. At the moment, male Bantay Dagat dominate our office space for training and regular impromptu visits for updates. Women need more encouragement to do the same and to connect with us.

Our tasks therefore are to:

- Continually analyse the current equality landscape in terms of gender
- Draft and implement a gender policy that details how we will promote gender equality
- Provide support and information to those subjected to inequality
- Promote awareness-raising measures and training both in the formal and in the informal sector
- Continue with our campaigns, whether on the ground through, for example, posters or via social media to communicate key messaging as outlined above
- Grow women-lead content and tell stories on the ground

We are currently at the programme design stage but have defined our vision as follows:

A balanced ecosystem where ALL share in the ocean's vast bounty

To accomplish this, we will:

- Not tolerate any form of discrimination
- Support partnerships with like-minded organisations
- Support parents, schools, community organisations and Local Government Units with resources needed to improve gender inequality
- Push to close the gender divide in terms of access to opportunities
- Continue to have critical conversations as part of our Gender Action Plan
- Grow women coral champions across all our key focus areas

Gender Action Report

BA is striving for 50% representation of its workforce, with the exception of the Bantay Dagat (BD). Less than 1/3 of the BDs are currently women and discussions with communities have not revealed any strong desire for women to be involved in the ranger patrols. BA continues to promote females on social media, as a means of encouragement. BA has achieved 50% representation in its MPA staffing.

To date, no specific training has taken place for women – apart from snorkel and sea turtle training for the female BDs in Baco and San Teodoro. Our plan is to target women for training programmes in 2024.

Linked Programme Outcome	Objective	Action	Indicator	Milestone	Remarks
<p>Outcome 1: “Protection and effective management of priority coral reef sites and climate change-affected refugia are sustainably financed.”</p> <p>Outcome 2: “Transforming the livelihoods of coral reef-dependent communities”</p> <p>Biodiversity conservation improved and strengthened</p>	<ul style="list-style-type: none"> - Ensure that women represent at least 50% of BA staff, the community based MPA management board officials and 50% of its members. - Ensure that women officials and members are provided training on management and administration skills, coastal management and climate change issues, technical skills on business, social entrepreneurship, etc. where required - Provide training to extension workers and ensure that training materials include specific training needs identified by fisher women and women Bantay Dagat (sea stewards) for enhancing productivity, - Ensure 50% women’s participation in information, education and communication activities on marine conservation and ecosystem-based-resource management. 	<p>Invite networks of women in local groups to meetings to discuss the strengthening and participation of women in communities.</p> <p>Promotion of women on social media to encourage others</p>	% of women and men attending meetings , trained and in the workforce	As of Dec. 2023, 50% of BA’s MPA staff are women.	These meetings provided the basis for moving forward. Specific training for women was not done in 2023, apart from the BDs, however women formed a strong component of all meetings.

Linked Programme Outcome	Objective	Action	Indicator	Milestone – 2022	Remarks
<p>Outcome 1: “Protection and effective management of priority coral reef sites and climate change-affected refugia are sustainably financed.”</p> <p>Outcome 2: “Transforming the livelihoods of coral reef-dependent communities”</p> <p>Participatory Management and infrastructure improved and established</p>	<ul style="list-style-type: none"> - Ensure consultation with local women and men on spatial planning and zoning to avoid or mitigate marine-use restrictions that might adversely impact women’s livelihood activities from fisheries. - Ensure at least 50% women’s participation in training and consultations related to development of marine/mangrove protected area (MPA) management plans. - Ensure 50% women’s participation in species management and conservation training, such as mangrove planting, turtle nesting, coral conservation, biodiversity, climate change, beach/coastal 	<p>Target women when holding stakeholder consultation meetings for the establishment of the new MPAs and zonation of existing MPAs. This is done by seeking out the women’s groups, and providing incentives for meeting attendance.</p> <p>Promote women’s attendance at conservation training – swimming, diving,</p>	No. of women attending meetings and number of women trained.	Baseline established - #women attending meetings & training	New MPAs are proposed for Calapan only.

	<p>clean-up, local pollution control, nature interpretation/guiding etc.</p> <p>- Ensure that activities are undertaken in locations, and at days and times convenient to women. Provide separate meetings or briefings for women where and when needed.</p>	<p>monitoring, species ID,</p>			
			•	•	

Linked Programme Outcome	Objective	Action	Indicator	Milestone	Remarks
<p>Outcome 1: “Protection and effective management of priority coral reef sites and climate change-affected refugia are sustainably financed.”</p> <p>Outcome 2: “Transforming the livelihoods of coral reef-dependent communities”</p> <p>Community development, education and engagement enhanced and institutionalized.</p>	<ul style="list-style-type: none"> • Ensure 50% women members (as household members and/or female-headed households) are provided with livelihood, financial and/or input assistance • Ensure that all women members of the PO partners are provided training on managing group businesses, enterprise development, business start-up, basic finance and accounting, and technological best practices. This should be part of a standardized training package. - Ensure 50% women members’ participation in management and leadership training related to social enterprise management. - Increase women’ access to a range of services in the value chain as well as information on and access to markets by 50%. - At least 50% of women members participate in model enterprises. - Ensure consultation with women and men in planning local social and ecological infrastructure, e.g., barangay roads, sanitation, water quality and supply, solid waste management, climate change adaptation measures, MPA-related jobs, etc. 	<p>Inclusion in revenue generating programmes and training</p>	<p>No. of women attending meetings and number of women trained.</p>	<p>To start in 2024 –</p>	<p>Revenue generating programmes are still in their pilot phases.</p>
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Linked Programme Outcome	Objective	Action	Indicator	Milestone – 2023	Remarks
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<p>Outcome 1: “Protection and effective management of priority coral reef sites and climate change-affected refugia are sustainably financed.”</p> <p>Outcome 2: “Transforming the livelihoods of coral reef-dependent communities”</p> <p>Compliance and enforcement streamlined and improved.</p>	<ul style="list-style-type: none"> • Ensure 50% of women members’ participation in the design and preparation of the Enforcement Plan for the co-managed MPA sites. • Ensure 20% of women members’ participation in the Fish Warden Programme (Bantay-Dagat) or Mangrove Forest Rangers (Bantay-Gubat). • Ensure 50% of women members’ participation in the training and engagement activities. 	<p>Inclusion in Plan development and training</p>	<p>No. of women attending meetings and No women trained. % of total attendance in meetings and trainings</p>	<p>17 female BDs (approx 1/3) involved in enforcement planning.</p> <p>22 of 88 trained.</p>	<p>Efforts continue to engage women – especially younger women in these programmes.</p>
			•	•	

Linked Programme Outcome	Objective	Action	Indicator	Milestone – 2023	Remarks
<p>Outcome 1: “Protection and effective management of priority coral reef sites and climate change-affected refugia are sustainably financed.”</p> <p>Outcome 2: “Transforming the livelihoods of coral reef-dependent communities”</p> <p>Revenue generation established and sustained.</p>	<ul style="list-style-type: none"> • Ensure that 50% of the women in the MPA communities are consulted in the design and establishment of revenue generation mechanisms. • Ensure 50% of the women members have increased their income. • Ensure that 50% of the women members participate in the revenue generation mechanism. 	<p>Inclusion in Plan development and training</p>	<p>No. of women attending meetings, women trained and involved in revenue generating activities</p>	<p>1 female mangrove pond owner (revenue generation)</p>	<p>Efforts at increasing awareness are laying the foundation for these activities. No fee systems have as yet been implemented</p>
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V. Programme Governance & Management

A. Programme Governance

In general, the support to the programme remains high with active participation of the Ministry of Environment (DENR-BMB), provincial governments, local governments, community organisations and fishery cooperatives.

A critical part of Blue Alliance's work is the Public-Private Partnerships (PPPs) established by 10- year renewable co-management service agreements with local government units (LGUs).

Blue Alliance's activities are approved by partner LGUs and guided by a Stakeholder Advisory Committee (SAC). As a mechanism of participation in the planning, management and monitoring of the management and administration of MPAs, the SAC is comprised of representatives from government agencies and experts from academe and other organizations:

1. Department of Environment and Natural Resources Region 4B
2. Department of Tourism
3. Provincial Local Government Unit of Oriental Mindoro
4. Verde Island Passage MPA Network
5. Municipal Local Government Unit of Baco
6. City Local Government Unit of Calapan
7. Municipal Local Government Unit of Puerto Galera
8. Municipal Local Government Unit of San Teodoro
9. Mindoro State University

Several Stakeholder Advisory Committees (SACs) have been held to provide overall direction and oversight, approve the annual work plans and budget and review technical and financial reporting of the Development Facility. These committees are chaired by Blue Alliance and meet usually twice a year.

Our constant progress and new engagement in co-management agreements for MPAs with LGUs are a proof of the support received from institutions. By the end of 2023, 6 Co-management agreements were signed with LGUs to jointly manage the protected areas under their jurisdiction. To date (march 2024), BA has already signed co-management agreements with 3 additional LGUs and expects to sign another 2 prior to year end.

For blue carbon, Blue Alliance is now part of the Global Mangrove Alliance (GMA) Philippines. This will help to clarify land tenure approaches and benefit sharing mechanisms with the government.

B. Programme Management

The programme is being implemented as planned in the programme full proposal approved by GFCR. Adjustments have been made to the WP to adapt to the late start of the project (July 2022 instead of January 2022). For most activities, we have been able to reduce the delays from 6 months to 2-3 months.

The main modification from the initial plan came from Rare who informed us that their collaboration will be limited to Tanon Strait seascape and not to VIP as initially discussed. Tanon Strait seascape is planned



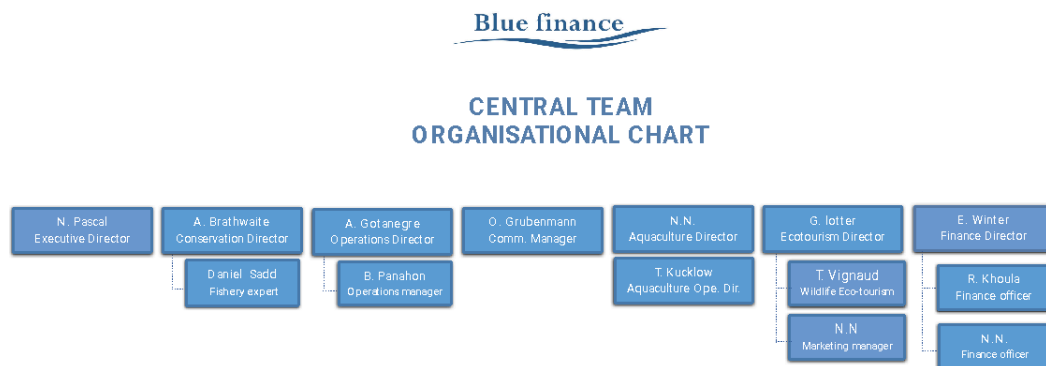
to start in 2025 putting on hold our collaboration until then. To replace Rare partnership in VIP, we have approached several local (Tindagat) and international partners (ABALOBI) to work on the fish improvement project as well as saving bank programmes.

C. Programme Operations

5 teams are structured for the implementation of the programme and 1 team is under preparation:

- Blue finance central team provides programme coordination and direction for all the activities (MPA, pipeline of reef-positive businesses, blended facility and institutional set-up).
- Blue Alliance team focuses on MPA day-to-day activities implementation in Community Development & Engagement, Biodiversity Conservation & Science, Management & Infrastructure, Law Compliance/Park protection.
- Bluerise team to implement the brand Bluerise created by Blue finance to promote sustainable visitor attractions in the MPAs. Under BlueRise branding, the MPAs will run programs to ensure visitors can enjoy wildlife activities in a sustainable and responsible way.
- Uba Sustainable institute team to supervise the feasibility, design, development, community engagement and certification of blue carbon credits for mangrove restoration and conservation
- Aquahub and Blueyou team to supervise the design and development of the hatchery and nursery of the mangrove crab.
- Sea Sensorium team (In process of incorporation) to supervise the design, construction, opening and management of the visitor centre.

The details of each team are provided below:

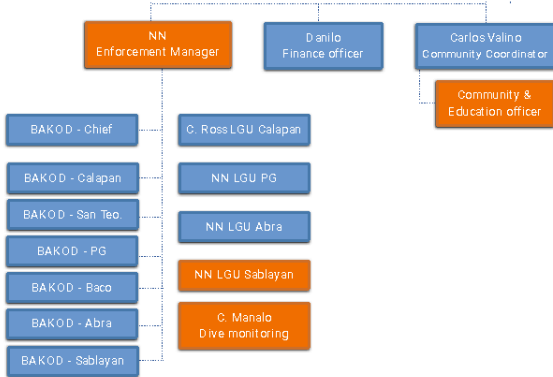


To be recruited

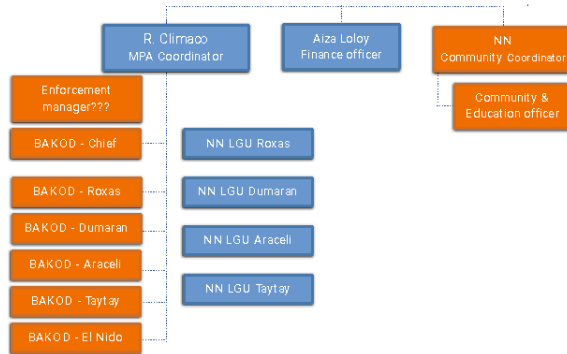
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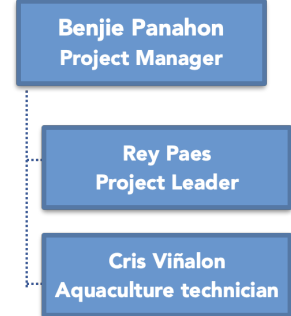
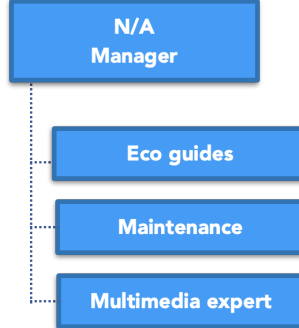
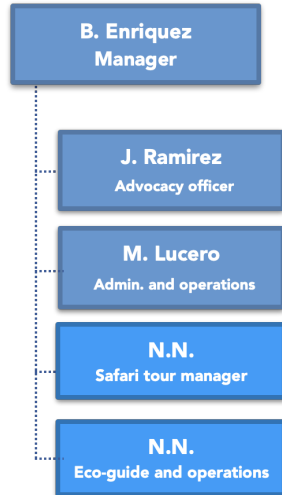
MINDORO



PALAWAN



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IV. Resource Mobilisation

Grants – Total US\$682k

IUCN, Global Eba Fund, US\$222,000, 24 months. February 2022 - March 2024. Objective: increase resilience to climate change for the communities and ecosystems of Marine Protected Area (MPA) networks in the Philippines Verde Island Passage.

UBS optimus foundation, US\$100,000, 12 months. December 2022 - December 2023. Objective: “Better Data for Coral Reef Conservation & Livelihoods”. The Grant will improve the monitoring capabilities of the key performance indicators of the investments in Marine Protected Areas in Oriental Mindoro, Philippines. It will also add to the existing body of knowledge of marine science and marine fauna.

Ocean Risk and Resilience Action Alliance (ORRAA), US\$360,000, 36 months. 2023-2025. Objective: structure the global blended finance facility for MPAs in Cabo Verde, Indonesia, Philippines and Tanzania.

Revenue Generation - Total US\$12k

The reef-positive solutions, when mature, will produce a total annual net revenue of US\$1.9m for the 2 MPA networks of Mindoro and Palawan.

As of end of 2023, only one programme of the Blue wild Eco venture reef positive solution is producing revenues. The programme was launched in late 2023 and has generated so far US\$12k.

For Mindoro, the details of the expected revenue streams are:

- Blue rise ecotourism programmes (from voluntary donations and sales of tourism experiences): US\$0.2m p.a. by 2026 (starting in 2023)
- Blue rise sea sensorium visitor centre: US\$0.4m by 2026 (starting in 2024)
- Mangrove Crab: US\$0.6m p.a. by 2026 (starting in 2024)
- Sea cucumber: US\$0.6m p.a. by 2026
- Blue carbon: US\$0.1m p.a. by 2025



Investment - Total US\$700k

Investment readiness of the MPA in Oriental Mindoro

The fundraising is in process with US\$0.7m already secured and US\$2m being negotiated

If funds are confirmed, the total investment capital leverage will be then **3X leverage**.

Genesis Charitable Trust, Repayable Grant, signed for US\$200,000. Term: 10 years, Coupon: 0%. Signed in December 2022. The grant supports the implementation of the mangrove crab aquaculture.

UBS Optimus foundation, Impact loan: signed for US\$500,000. Term: 10 years, Coupon: 0%-10% depending on positive impact performances on biodiversity and people. Loan agreement was signed in Feb 2023.

The Funding covers the CAPEX and OPEX of the reef-positive businesses.

BNPParibas:

BNPPARIBAS (2 divisions) have confirmed their commitment for an impact loan to Blue finance for the project in Philippines. The Funding will cover the CAPEX and OPEX of the reef-positive businesses.

Lessons learnt:

Conservation projects, particularly around marine ecosystems, are not attracting impact capital at the same pace as the rest of the impact investment market largely due to a shortage of investment-ready reef-positive businesses and the development of future opportunities.

Investments required are typically smaller than large institutional investors' minimum investment size, yet larger than many individual impact investors' desired allocation.

Limited data on financial performance and expected returns; limited understanding of how marine resources can be organised to generate returns.

VI. Risk Management and Mitigation

Risks	Risk Level: Very high High Medium Low (Likelihood x Impact)	Likelihood: Almost Certain - 5 Likely - 4 Possible - 3 Unlikely - 2 Rare - 1	Impact: Extreme - 5 Major - 4 Moderate - 3 Minor - 2 Insignificant - 1	Mitigating measures	Updates
Contextual risks					
Political instability or local political interference in the projects	Low	2	3	Projects are being steered by multistakeholder advisory and investment committees and governance structures so that all stakeholders are able to influence programme decision-making.	No change in risk profile. Recent presidential elections as well as municipal elections have not modified the risk profile.
Natural disaster	Medium	3	2-4	Project developers are putting in place plans to respond to external shocks and ensure liquidity and technical support is available to those impacted by a disaster.	No change in risk profile. Progress on the parametric insurance to mitigate this risk.
Programmatic risks					
Programme implementation is delayed or time is not sufficient to deliver on all the activities	Medium	3	3	Programme partners will seek to understand causes of delays and deliver additional technical capacities, resources or other inputs to help put delayed activities back on track.	No delays reported so far.
Project development costs are higher than anticipated	Medium			Programme developers have extensive experience in programme budgeting. Various scenarios have been modelled to take into account higher costs or lower revenues and prepare contingency plans.	No major deviations reported so far
Lack of local engagement/community buy-in	Low	2	3	Consortium partners have already undertaken extensive community outreach and engagement to ensure programmes are anchored in and respond to local needs and concerns, as articulated by local communities. Multistakeholder decision-making processes and a robust grievance mechanism are in place to ensure that any community concerns are addressed.	No change in risk profile. Most engagement expected has been confirmed. Delays in engagement have been addressed.
Institutional risks					
Lack of coordination among programme partners	Low	3	3	A clear division of labour has been established among programme partners. Regular coordination meetings will be organised to ensure the smooth implementation of the programme.	No change in risk profile. Team and partners' roles are well divided and clear.
Programme partners re-orientation	Medium	3	2	Programme partners might decide to not follow with the programme due to internal choices (priorities, budget, staff dedication)	Regular exchanges are made with partners to anticipate changes.
Inability to source sufficient technical expertise to deliver all programme activities	Low	2	3	Programme partners already have significant in-house technical expertise and have been working with local partners on project development. Programme partners will leverage their extensive local and international networks to ensure the right expertise is available for this programme.	No change in risk profile. We have been using HR companies for specific recruitment.
Fiduciary risks					
Funds are not used for their intended purpose	Low	1	3	Robust programme governance structures and monitoring frameworks will aim to ensure there is no leakage of funds. Project performance will be monitored on an ongoing basis and course corrections	No change in risk profile. Strict compliance and procurement rules have been set-up



				suggested to ensure the efficient use of funds.	

VII. Lessons Learned & Adaptive Management

Lessons learnt for the development of a pipeline of 'bankable' reef-positive businesses

The programme has targeted the bottlenecks that hinder private investment in reef-positive initiatives such as MPAs.

Lessons learnt:

1. Prepare and design MPA projects that are investment grade and establish a robust M&E framework to monitor impact. The developer must prepare activities including detailed business plans, the negotiation of terms and commitments by all participating project partners and stakeholders, robust financial projections and scenario analyses, investment structures including farmers' and fishers' incentives, the generation of financial returns and benefits for participating farmers, fishermen, local stakeholders and investors, and initial design of the blended finance facility (catalytic grant and debt capital).
2. The Developer has to arrange the terms with all relevant stakeholders (MPA SPE, community, government, and commercial or other private sector partners) as well as to prepare all relevant interventions on policy, governance, fishery and farming governance and seafood processing levels including the underlying detailed investment and business plans subject to detailed financial analysis and due diligence.
3. The recruitment of a credible team to implement the project with a comprehensive mix of expertise and appropriate track record in MPA management, entrepreneurship, community development, marine ecology, conservation finance, public-private partnerships and business planning has been key.

Lessons learnt for the development of a blended finance facility for MPAs

The progress made demonstrates the growing potential for impact investment in marine conservation. While the opportunity offered by MPAs is relatively new, lessons are emerging regarding 3 core ingredients for success:

1. A viable business model is necessary for financial returns. Nature tourism is currently one of the most viable revenue sources for MPAs, with blue-carbon credits and responsible aquaculture emerging as new revenue streams.
2. Grouping projects in a unique facility can improve the risk-return profile. It will increase the investment size and make it more attractive to commercial investors. The facility simplifies the investment process and lowers transaction costs, creates efficiency and economies of scale through aggregation, reduces the investment risk through diversification across revenue models and MPA projects, improves the quality of the project design and execution and helps investors to transparently monitor their impacts.
3. A multi-stakeholder approach is central to successful project development and management. This should include governments, engaged and experienced NGOs and partners with skills in social entrepreneurship, financial planning and marine conservation;



4. Appropriate performance indicators must be identified - with stakeholder input - to capture MPAs' key social and environmental impacts.

- [Annex A – Data Update Excel File Guidance](#)
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- [Annex B – Results Framework](#)
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- [Annex C – Resource Mobilisation](#)
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- [Annex D – Communications and Visibility](#)
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