



CASE STUDY I: BLUE HALO S



Linking Protection and Production in Indonesia

BLUE HALO S

Food & Economic Security

Supply **50%** of the country's animal-based protein

Contribute \$27 billion to the economy

Support more than 7 million jobs

Generates \$1 billion in tourism (annual)



Indonesia's Fisheries & Marine Protected Areas

Climate & Biodiversity

More than 2,000 fish species

More than 500 coral species

Critical migratory corridors for sharks and rays

Carbon-rich mangrove and seagrass ecosystems

Fisheries

40% overfished (44% fully fished)

lack of scientific data and regulatory frameworks, misaligned policies, and socio-political challenges

Cross-cutting:

climate change

overfishing

coastal development

marine pollution

Marine Protected Areas

under-resourced

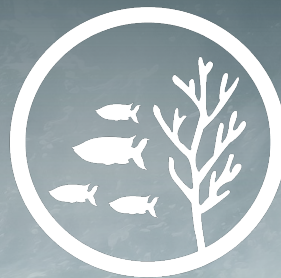
variable levels of management effectiveness

Indonesia's Ocean Challenges



Comprehensive Marine Fisheries Reform

Create new quota-based fishery management system



Marine Protection

Protect 32.5 million ha or 10% of its territorial waters by 2030

Indonesia's Blue Economy Strategy

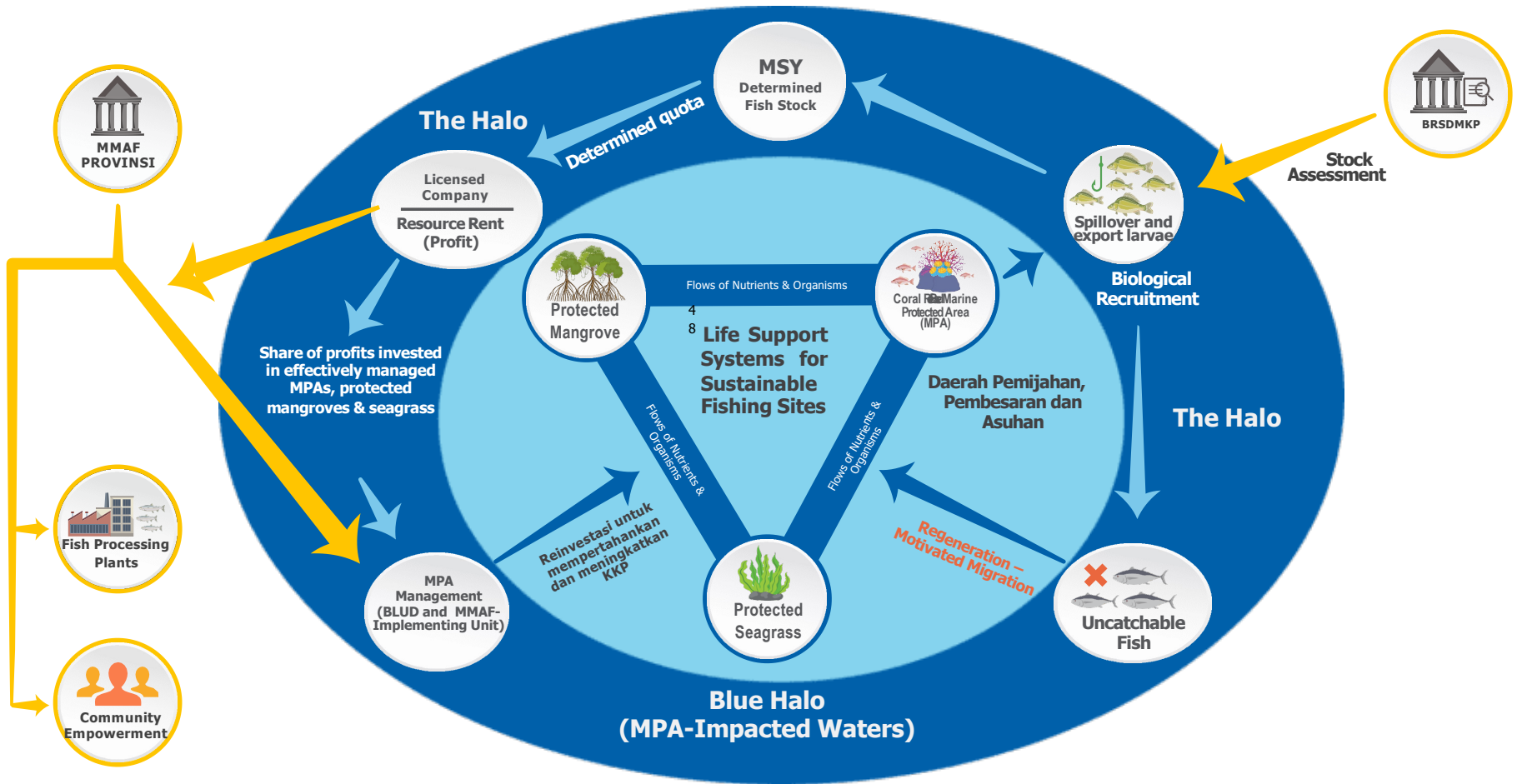
“WHOLE DOMAIN” CONSERVATION

ECOSYSTEM
PROTECTION

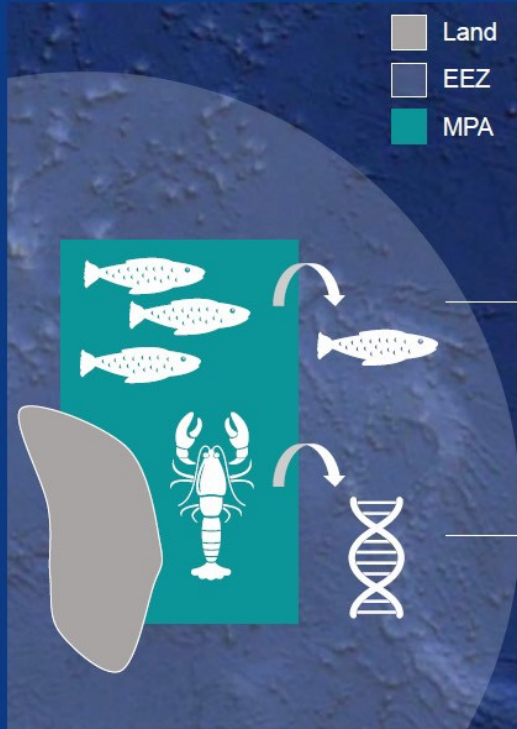


SUSTAINABLE
PRODUCTION

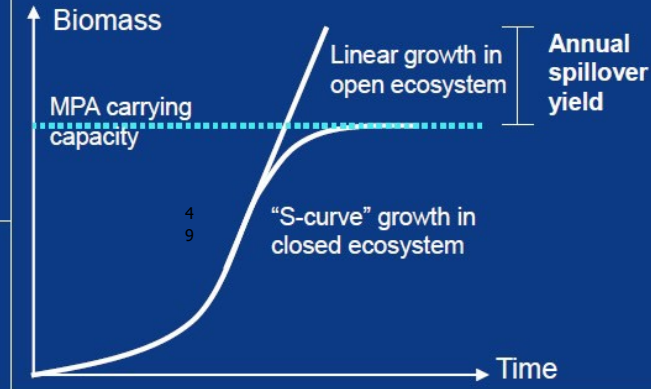
The Blue Halo S



The "Spillover" Effect



Biomass spillover effect



Recruitment effect

Protection of critical habitat for large fecund individuals and juveniles increases reproduction inside & outside the MPA

BLENDED SELF-FINANCING

- **Blue Bonds issued** with an **advantageous coupon rate** based on bio-economic returns (+grant funding etc)
- **Proceeds** invested in MPA management, fishing infrastructure and local socio-economic empowerment
- **Fishing licenses** within the blue halo **sold at a premium** driving value in the region
- New markets developed and **access to markets** for local fishers

Working to enhance and accelerate the Blue Halo S in support of Indonesia's Blue Economy Strategy

Government of Indonesia & allies, e.g.:

Tri Hita Karana (THK) Forum

Natural Capital, Carbon, Communities (NCCC) coalition

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Konservasi Indonesia &
Conservation International (CI)

In partnerships with Universities, NGOs and private sector

Blue Halo S Coalition

Innovative Finance

Development of a financial instrument (bond)

Attract significant private investment

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Strengthening the science

Refining policy and regulatory mechanisms

Training and capacity building

Blue Halo S Coalition: Initial Phase



Science

Strengthen scientific understanding of (1) linkages between MPAs and commercial fisheries in Indonesia and (2) Blue Halo S climate mitigation potential



Policy & Regulation

Refine policy and regulatory mechanisms to harmonize MPA and fisheries management



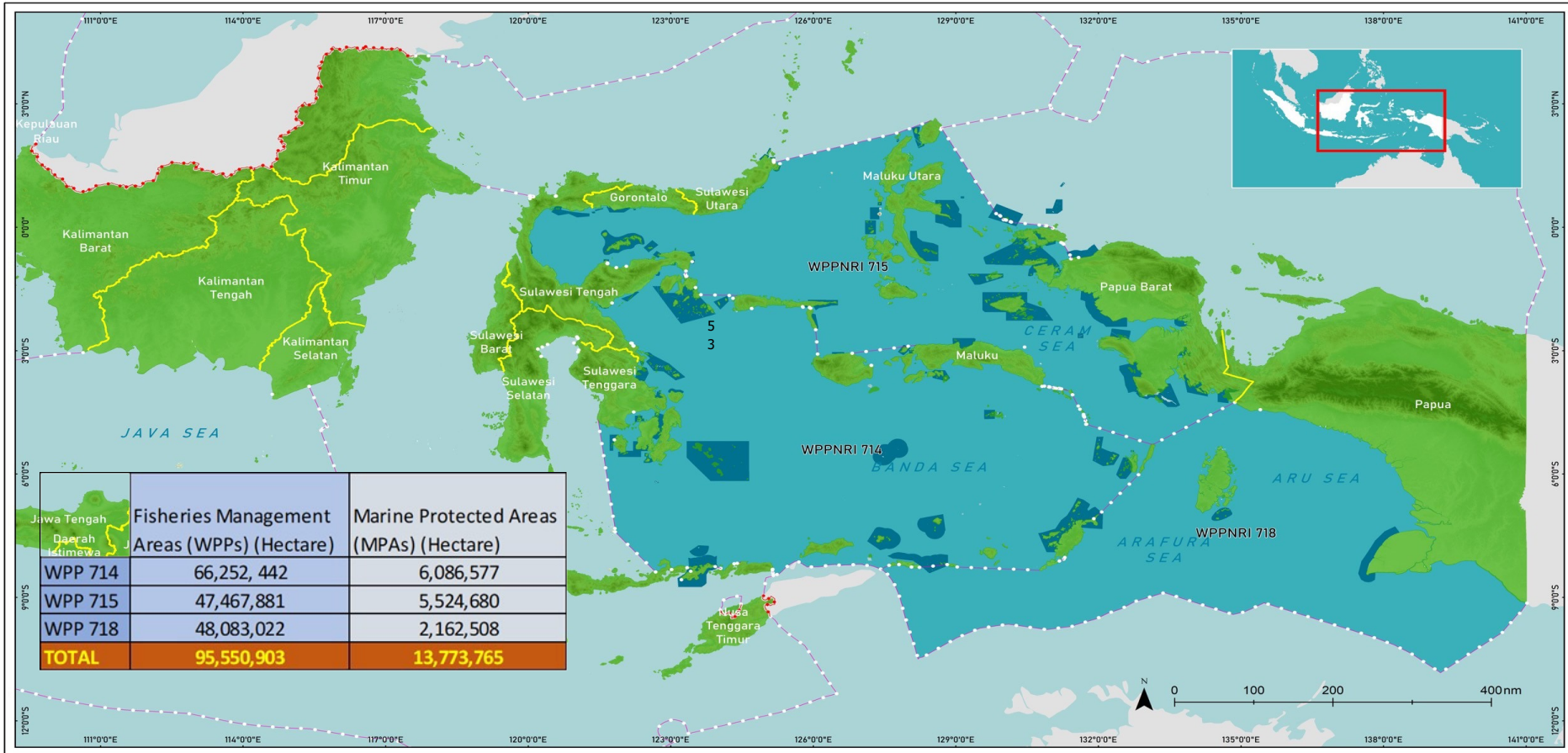
Capacity Building

Trainings and capacity building to support long-term implementation and viability of the Blue Halo S model



Blue Halo S: Technical Assistance

Blue Halo S – Initial Phase



Protection/Management

Improved management of 13.7 million ha of MPAs and 99.5 million ha of fisheries management areas

Climate

Enhanced management and security of 1.1 million ha of mangrove and 284,600 ha of seagrass meadows

Food Security

Improved food security for 14.6 million people

Livelihoods

Enhanced income for 318,000 small-scale fishers

Anticipated Impact after 4 years

Finance

USD 150 to 250 million unlocked in initial blue bond financing >\$1 million per year in new funding secured for MPA management

Science

Pioneering scientific insights to inform the design of integrated marine resource policies, regulations and management frameworks

Policy

Improved national- and regency-scale policies for integrated MPA-WPP management

Replicability

Frameworks and insights that can be replicated to fishing areas across Indonesia



Strong market demand and high degree of political will represent a significant tailwind

Timing could not be better: G20 and ASEAN

Potential transformative impacts at both the regional and global scale



Seize this Unique Moment

An aerial photograph of a tropical coastline. The foreground is dominated by lush green mountains and dense forest. In the middle ground, a large bay or lagoon is visible, surrounded by more mountains. The sky is filled with large, dramatic clouds, and the sun is setting or rising, creating a warm, golden glow. The overall scene is serene and beautiful.

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THANK YOU



SMALL GROUP
BREAKOUT SESSION

YOU HAVE 30 MINUTES TO DISCUSS THE FOLLOWING QUESTIONS WITHIN YOUR SMALL GROUPS

- 1 How is the concept of blended finance, most applicable and relevant to your work? What pain points does it serve to address?
- 2 Please share an example of a blended finance transaction that you are familiar with.
- 3 What are some of the potential challenges (and opportunities) of structuring a transaction that requires alignment amongst multiple stakeholders? What can be done to mitigate some of these challenges.



CLOSING REMARKS –
FREDERICK TEO, MANAGING DIRECTOR,
SUSTAINABLE SOLUTIONS, TEMASEK



THANK YOU