



## **H.E BERETITENTI ANOTE TONG'S STATEMENT**

### **THE 4<sup>TH</sup> EDITION OF THE MONACO BLUE INITIATIVE**

***“Making the most of marine resources: ecological and economic challenges”***

(Monaco, 23-24 June 2013)

Your Serene Highness Prince Albert II of Monaco

Your Royal Highness Prince Carl Philip of Sweden

Fellow Leader from the Pacific, President Remengesau of the Republic of Palau

Dr. Sebastian Troeng, Moderator, and Senior Vice President, Conservation International

Partners, supporters and friends of Monaco Blue Initiative

Fellow panellists, speakers, ladies and gentlemen

#### **Kam na bane ni Mauri!**

I am greatly honoured to be given this opportunity to speak to you today on the theme *Marine Protected Areas at the heart of Blue Growth*, and to share with you again the story of our Phoenix Islands Protected Area, more commonly known as PIPA for short. My participation in this important meeting would not have been possible without the kind invitation of Your Serene Royal Highness, and I thank Your Serene Highness wholeheartedly for that, and also for the warm hospitality accorded to me and my delegation since our arrival in this beautiful principality.

This same time last year, we met in South Korea to progress the initiative to expand conservation efforts for the world's oceans. Today, we are continuing that dialogue.

And what better place to do that than right here in Monaco - the home and headquarters of the Monaco Blue Initiative Foundation.

There are two fundamental policy issues that I have been asked to address for the purpose of this session. The first is PIPA's contribution to the economic and social well-being of Kiribati and its people, and the second is the long-term financing model for PIPA and whether this can be replicated for other large MPAs. Let me deal with the first issue, which is essentially about making a business case for PIPA.

Much of the discussions to date on the Phoenix Islands Protected Area (PIPA) have been focussed largely on the ecological value and benefits of PIPA to Kiribati and the global community with little, if any, on the potential economic value and benefits of PIPA to Kiribati. Such bias is understandable since PIPA was originally conceived as fulfilling our commitment to the international Convention on Biodiversity under the Rio Sustainable Development initiative. It was intended as a tool for preserving the rich and pristine biodiversity observed in the PIPA's ecosystem - hence the focus of the analyses on the biological and bio-physical elements.

But we must never forget that PIPA has as much to do with people as with nature. When we talk about PIPA, we are essentially talking about closing off approximately 11% of Kiribati's total EEZ – an area bigger than Japan and twice the size of the United Kingdom. For a small nation that depends entirely on its fisheries for economic growth, this move is not an easy one, but one that is worthwhile given the long-term benefits it brings with it. PIPA is our gift to humanity and we say this because as a blue initiative model, it is a compromise between conserving an ecological balance and promoting economic growth at the same time. Critics will see PIPA simply as an opportunity cost to economic development but what is often not seen is its sustainable development benefits to Kiribati, and the world at large.

So how can PIPA contribute to the economic well-being of Kiribati and its people?

### **Developing a Business Case for PIPA**

There are multiple economic benefits of PIPA that we can talk about but, in the interest of time, I will focus only on those major economic benefits, or what I call PIPA's niche, that have the greatest potential of attracting potential donors and investors for investment in PIPA with potential positive impact for the people of Kiribati.

The first and foremost is the importance of PIPA to regional and global fisheries enhancement and to the future of the world's food supply (tuna). This is true given increasing concern on the sustainability of tuna fisheries in the Pacific Islands region and globally. As one of the major fishing grounds in the region and as the world's first marine protected area to be used in part as a contribution to tuna conservation management, PIPA will make a significant contribution to the control of over-fishing and managing tuna stock in the region through the closure of its waters from fishing activities by DWFNs.

Also, there is evidence that tuna spawns in PIPA and further research is needed to better understand the significance of these spawning grounds. By protecting these spawning grounds and related habitats, PIPA ensures recruitment and replenishment of tuna stock within the PIPA region with spill-over benefits to adjacent regions. This will help avoid total stock collapse and contribute in the long run to ensuring continuity of food supply to Kiribati, the region and the wider global community.

Related to this is the critical role that PIPA plays for the overall success of the Pacific Oceanscape. The world recognises the importance of the Pacific Oceanscape to the future of the world's food supply (tuna) and the importance of having large marine reserves for resilience to climate change. As you may be aware, the Pacific Oceanscape encompasses an ocean area of nearly 40 million square kilometers – over 10 percent of the Earth's ocean surface – and hosts the world's largest remaining stocks of tuna, providing approximately a third of the world's catches of

tuna and related species. With PIPA being a vital component of the Pacific Oceanscape, its success will underpin the effectiveness of the Pacific Oceanscape in addressing these two global concerns.

In short, PIPA plays a critical role in ensuring effective fisheries management and the future of the world's food supply (tuna), as well as in strengthening regional resilience to climate change. Therefore, by supporting PIPA, donors will be supporting a global effort to addressing these critical environmental issues.

The second important economic benefit is the unique importance of PIPA to science and research. Because of the relative absence of human stress (since all but one island are virtually uninhabited), PIPA is in itself a unique natural laboratory for understanding, identifying and monitoring the process of sea level change, assessing growth rates and age of reefs and reef builders (both geologically and historically), and evaluating the impacts of temperature changes and acidification on the health of coral reefs. . Accordingly, PIPA is well suited to serve as a benchmark for understanding and potentially restoring other degraded hard coral systems in Kiribati and elsewhere in the Pacific. In short, PIPA provides perfect conditions for the study and better understanding of the impacts of climate change on tropical marine and atoll island systems. This could open opportunities for consideration of the establishment a global research center in PIPA from which the people of Kiribati could benefit in terms of employment and related activities.

The third and final economic benefit is the opportunity that PIPA provides for the Government of Kiribati to diversify its economic options, particularly through the development of ecotourism to capitalise on PIPA's universal value and pristine ecosystems. With its massive size of 408,250 square kilometers, PIPA hosts an interesting and huge diversity of terrestrial and marine habitats that displays high levels of marine abundance as well as a full spectrum of species including turtles, giant clams, birds and coconut crabs. PIPA is indeed a unique marine wilderness. It's biodiversity and ecosystem structure does not resemble the typical coral reefs of today. In contrast, because of their remoteness, these reefs are what a reef might have looked like one thousand years ago, before humankind's impacts, such as coastal development and over fishing.

These pristine conditions and rich diversity of habitats and species, unparalleled anywhere else, provide a perfect set up for the development of a robust eco-tourism in PIPA in a well measured approach and in a way that will not compromise the integrity of the ecosystems and the environment. For a small island nation with limited resources and a narrow production base, this development opportunity is hugely welcome. Given the productivity linkages of tourism to the wider economy, there will be a wide range of other income generating opportunities that will emerge from this development, including employment, from which I-Kiribati people can benefit.

It is important to note that, without the PIPA project, most of the islands in the Phoenix group would have remained idle assets. Importantly, therefore, PIPA represents the Government of Kiribati's interest in exploring new development models for Kiribati's natural resources that are less dependent on resource exploitation and consumption. This is smart thinking which should be supported.

All these developments require finance, which brings me to the second issue that I have been tasked to address also in this keynote speech – PIPA's sustainability financing model.

### **PIPA's Financing Model**

The establishment of PIPA in 2006 was done on the understanding that it should be a self-sustaining and self-financing operation. It was also the aim of the PIPA partners (the Government of Kiribati, Conservation International and New England Aquarium) that PIPA should benefit the future generations of Kiribati citizens without impacting negatively on current national expenditures for health, education, and social welfare. This motivated the enactment of the PIPA Trust Act by Parliament in 2010, which legalised the establishment of the PIPA Trust as a charitable, non-government organisation (NGO). The main objective of the Trust is to address the need for a long-term sustainable approach to funding PIPA and the implementation of its Management Plan through the establishment of the PIPA Endowment Fund to be capitalised by private and public contributions.

By the provisions of this PIPA Trust Act, PIPA will be managed according to the terms of a Conservation Contract to be executed between Kiribati and the PIPA Trust. The basis of this Conservation Contract arrangement is a unique "reverse fishing license" financing program in which the Government of Kiribati will be reimbursed by the PIPA Trust for the amount that they would have made from selling fishing licenses if PIPA were not protected (this is called the 'conservation fee') - conditional on the satisfactory performance by the Government of Kiribati on its obligation to ensure the long-term protection of the terrestrial, coral, and oceanic natural resources as well as any cultural resources within PIPA as defined under the Conservation Contract. The amount of conservation fee payable depends on the size of the no-take zone and catch intake attributable to the PIPA region. Additionally, the Trust will have to meet also the cost of implementing PIPA's Management Plan and the operation of PIPA, estimated to be around \$500,000 per annum.

We have teamed up with our partners - New England and Conservation International - to structure global financial support for the capitalisation of the PTEF. To this end, the PIPA Trust Fundraising Framework has been developed which sets out the various opportunities and strategies that the PIPA partners can explore and employ to increase PIPA's funding base and attract external funds for the capitalisation of the PIPA Trust Fund. The Framework will inform and guide fundraising activities between now and 2014.

The overall goal of this fundraising campaign is to raise US\$25 million, with an interim target of US\$13.5 million by 2014. Conservation International and the Government of Kiribati have each agreed to put \$2.5 million into the Endowment, so the Trust expects to have \$5 million as a starting base. It is my greatest pleasure to report that Conservation International has wired US\$2.5 million to the PIPA Trust bank account in Kiribati. This is a clear demonstration of a true partnership by Conservation International and a reflection of their genuine commitment to fulfil the goals and aspirations of PIPA. We are indeed very blessed to have partnered with Conservation International and New England Aquarium on this very special project, called PIPA. I must add that, on the part of the Kiribati Government, arrangements are being finalized for the early disbursement of our matching contribution of US \$2.5 million to the PIPA Endowment.

Ladies and gentlemen, it is encouraging to note the positive transformation of a national development model like PIPA to the Pacific region through the Pacific Oceanscape which has seen the declaration of other important MPAs in Fiji, Cook Islands, in Micronesia- the Micronesia Challenge, and in Australia. This growing momentum of the Pacific Oceanscape transforming from concept to plan of action and gaining support across the region, is a milestone achievement for us in the Pacific, signifying an important truth – of the urgency to act to protect our oceans now.

I wish to acknowledge also the true partnership of the Monaco Blue Initiative in sharing our visions at the Pacific Oceanscape as testament in our leadership to create far-reaching global benefits from oceans conservation and I am very grateful of the World Bank's support to the Global Partnership for Oceans initiative which His Serene Highness and I launched last year in Rio.

### **Closing Statement and Message**

Ladies and gentlemen, the foregoing gives you the picture on PIPA and how it benefits an island nation like Kiribati. I do hope that the Monaco Blue Initiative will continue to mobilize support from the rest of the world in its effort to globalise oceans conservation and protection.

I thank you Serene Highness for the invitation and warm hospitality, fellow leaders, partners and friends of MBI.

Te Mauri, Te Rai, Te Tabomoa.