**TO:** The U.S. Coral Reef Task Force Steering Committee

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**SUBJECT:** Incorporating Public-Private Partnerships into USCRTF Initiatives

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**Purpose**

This proposal introduces the notion of private-public partnerships (PPP) for coral reef protection and recommends that the USCRTF Steering Committee establish a working group to explore the viability of collaborating and engaging with the private sector on specific USCRTF initiatives.

**The Economic Value of Coral Reefs**

Studies in recent years have documented the importance of healthy coral reefs to the economy and livelihood of the states and territories with coral reef habitats. Experts have recognized that coral reefs protect coastal cities during natural disasters, support sustainable fish supplies for fisheries, and provide for a plethora of other economic implications.

In the U.S. alone, the estimated economic value of coral reefs is $3.42 billion annually, not including shoreline protection and hazard reduction values. Recently, The Nature Conservancy (TNC) estimated that in Puerto Rico coral reefs protect $118M in built infrastructure from coastal storm damages.

Internationally, certain private sector industries recognize their role in protecting coral reefs and investing in restoration. They see the binding relationship between healthy coral reefs and economic prosperity. The following three partnerships are examples that demonstrate how emerging private investments can impact coral reef protection and restoration.

* The Government of Mexico, Swiss Re, TNC and the hospitality industries designed miles of coral reef habitat in Cancun as “insured resources” though a pioneering insurance framework. The PPP was founded based on implications regarding hurricane resiliency and storm-surge mitigation provided by coral reefs.
* The hospitality and real estate industries in Nassau Island, Bahamas, worked with Coral Vita to fund coral reef nurseries.
* The hospitality industry (e.g., Fairmont Hotels) is currently designing programs for their guests to participate in coral reef restoration and clean water protection. Such initiatives started with a program that allowed guests to participate in efforts to protect threatened bees that directly impact the hotel’s farm-to-table principle.

**The Benefits of Private-Sector Involvement in Government Solutions**

Studies conducted by the World Bank and Yale School of Management have shown successful collaborations in emerging markets with a strong government champion. Private-sector partnerships involving the Government secures long-term political commitment, private investment and supports sound, efficient and predictable legal and regulatory frameworks. Combined partnerships increase efficient use of resources, foster innovative design concepts, and finance approaches to risk assessments and ownership that lead to early identification of risk.

**What can the USCRTF do?**

This proposal is designed to introduce the notion of private-public partnerships in terms of coral reef protection and inspire the USCRTF Steering Committee to consider this a viable option for future initiatives.

For purposes of this proposal, we recommend a focus on the following industries: hospitality (i.e., hotels, resorts, etc.), tourism and recreation (i.e., aquatic hobbies and sports gear companies, etc.), commercial fishing (i.e., companies directly reliant on oceanic fish supply), and insurance (i.e., flood insurance companies, housing insurance companies).

The Federal and State members of the USCRTF will vary in their response to the concept of public-private partnerships. For example, USCRTF jurisdictional members may have a greater capacity to initiate PPP location-specific activities based on territorial priorities and goals. USCRTF Federal members may be better suited to facilitate, coordination, consultation, and collaboration nationwide across public and private sectors regarding opportunities for partnership; provide expertise from PPP implementation in other infrastructure sectors nationwide, provide technical assistance and expertise in terms of coral reef restoration; and, provide guidance on application of existing legal and regulatory frameworks to PPP initiatives.

**What could a USCRTF Initiative look like?**

The Restoration and Intervention Working Group recognized under the USCRTF is designed to assist States and U.S. territories in establishing the necessary infrastructure required to re-build/reinforce local coral reefs. Primary private sector interests in the area include the hospitality, commercial real estate, tourism, insurance and reinsurance industries.

1. USCRTF Federal and jurisdictional members, including FEMA, work with Reinsurance Association and other insurers to share technical information, engage with participants in Mexico, for example, and facilitate potential partnerships. Outcome: Potential interests arise – potential concerns identified on legal and/or regulatory considerations.
2. USCRTF members provide information to clarify the opportunities or challenges for a partnership and potential solutions or alternatives consistent with existing laws.
3. If interest in a PPP continues, USCRTF Federal members could provide examples and tools to jurisdictions on establishing a PPP agreement, including potential assistance in identifying risks associated with actions and which entity might be best-suited to assume individual risk.
4. Private sector partner(s) and jurisdiction develop a PPP and move forward with implementation of coral restoration actions identified by the local restoration working group for the area of concern.

**Next Steps**

If the USCRTF believes this concept is of interest for further consideration, a working group could be established to recommend either (a) a resolution on PPP for Coral Reef Initiatives and/or (b) develop a strategy for collaborating and engaging with the private sector in USCRTF Initiatives.

Among other things, the working group could explore manners in which the new Executive Order 13840 supports this proposal. Specifically, the Executive Order spells out the following two objectives:

* Modernizing the acquisition, distribution, and use of the best available ocean-related science and knowledge, in partnership with marine industries; the ocean science and technology community; State, tribal, and local governments; and other ocean stakeholders, to inform decisions and enhance entrepreneurial opportunity.
* Facilitating, as appropriate, coordination, consultation, and collaboration initiatives regarding ocean-related matters, consistent with applicable laws, among Federal, State, tribal, and local governments, marine industries, the ocean science and technology community, other ocean stakeholders, foreign governments, and international organizations.