

8TH CONFERENCE OF PARTIES MEETING FOR THE NAIROBI CONVENTION
22-24 JUNE 2015 MAHE, SEYCHELLES

BLUE ECONOMY AND OCEANS GOVERNANCE WORKSHOP

BUILDING THE BLUE ECONOMY IN THE WIO REGION

Kieran Kelleher
Consultant, WIOMSA

key messages

- the blue economy is a political challenge with a choice of pathways
- it may involve short-term social, economic and political costs
- key challenges: maintaining/ enhancing benefits from renewable resources; ensuring sustainable benefits from extractive resources
- the role of government is as a facilitator; the private sector is the key investor; an engaged civil society provides the political foundation
- good governance, a favorable investment climate and healthy coasts and oceans are fundamental even without a dedicated blue economy initiative – a ‘no regrets’ strategy
- assessment of the performance of the ocean economy can build a vision for the blue economy and inform policies, plans and governance
- a blue economy initiative must be complementary to other initiatives, e.g. on poverty reduction, climate change



contents

- I. blue economy – concepts, metrics, core components
- II. alternative blue pathways
- III. harnessing sustainable benefits from renewable and non-renewable resources – fisheries, minerals
- IV. roles and government, private sector and civil society
- V. the way forward



I. MAIN CHARACTERISTICS OF THE BLUE ECONOMY

“marine-based, environmentally sustainable economic growth and social wellbeing”

- two axes of development:
 - 1) social wellbeing
 - 2) economic growth
- three dimensions of sustainability:
 - 1) environmental
 - 2) economic and
 - 3) social

we have some 'blue metrics' others are challenging

- **sustainability**: measuring (even defining) sustainability is challenging ... 'don't cheat on your kids'
 - proxies – MSY, carrying capacity, resilience of the ecosystem or the economy
 - most measure the state, or trends – assume link to sustainability
- **social**: governance, poverty, income, health, HDI, happiness
- **environmental**: state of the coasts, state of fish stocks, Env. Performance (EPI), Coastal Governance Index (EIU)
- **economic** – all about growth, employment, exports, balance of payments GDP

the blue economy moves '*beyond GDP*'

- growth is a key political paradigm, closely linked to GDP
- GDP is an inadequate measure of growth; leaves out
 - changes in capital, such as, depletion of offshore gas, or changes in the state, or value of fish stocks; losses - cyclone damage
- 'qualified GDP' - adjusted net savings
 - environmental accounts – the changing value of natural capital – ocean health, mineral depletion
 - capital accounts – adjust national wealth for changes in value of natural capital
- other metrics, e.g. footprints – projects the resource for products or services use compared to the available resources



an effective blue economy requires several cross-cutting conditions & core activities

- vision, public awareness and political will
- good governance & investment climate, marine tenure
- responsible private sector engagement & investment
- viable blue economy opportunities and jobs
- knowledge, science and connectivity
- equity in allocation of blue opportunities and benefits
- public awareness and stakeholder support
- appreciation of the costs as environmental externalities are included in producer costs and consumer prices
- and healthy coasts and oceans



II. COUNTRIES HAVE A CHOICE OF BLUE ECONOMY PATHWAYS

- paradigm or programme
- comprehensive for all of society and sectors – green + blue vision
- sector focus, e.g. fisheries, tourism
 - coherence and coordination at sector level
- inter-sector synergies - coordination and planning
- integrated blue economy programme
- depends on: human and institutional capacity, governance, investment climate, knowledge,
- ability to manage competing agendas – climate change, disaster, poverty reduction ...



III. SUSTAINABLE BENEFITS FROM RENEWABLE & NON-RENEWABLE RESOURCES

- 1) forms of capital
- 2) renewable resources – fisheries
- 3) non-renewable resources – extractive industries - minerals

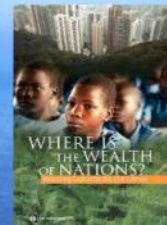


‘where is the wealth of oceans?’

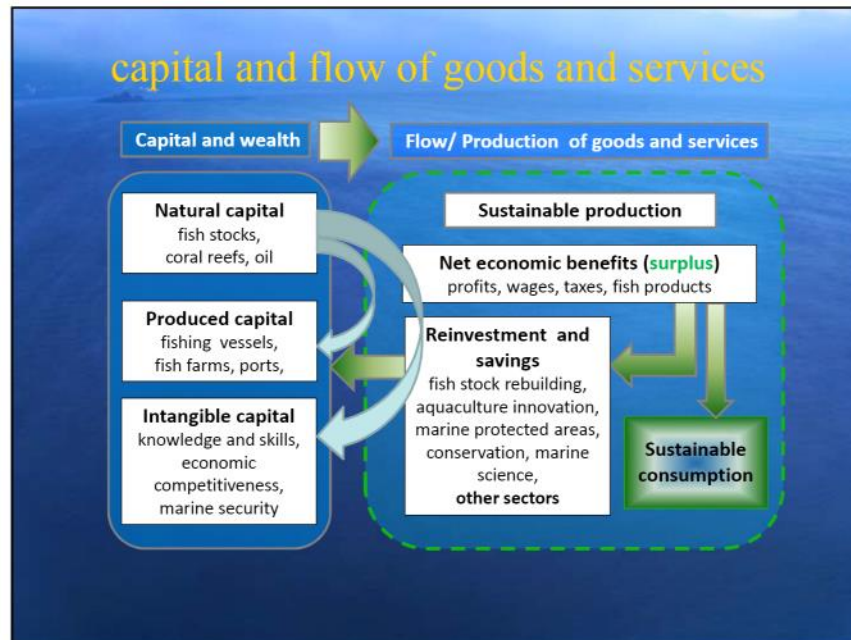
a country’s wealth is the sum of:

- a) natural capital, b) produced capital and c) ‘intangible capital’

- a)* natural (blue) capital includes the fish stocks and the habitats (e.g. coral reefs), offshore gas, seabed minerals
- b)* produced capital is the man-made assets – fishing fleets, fish processing plants, oil & gas terminals
- c)* the intangible capital includes the people and institutions and their quality (e.g. education, investment climate, maritime security, governance)



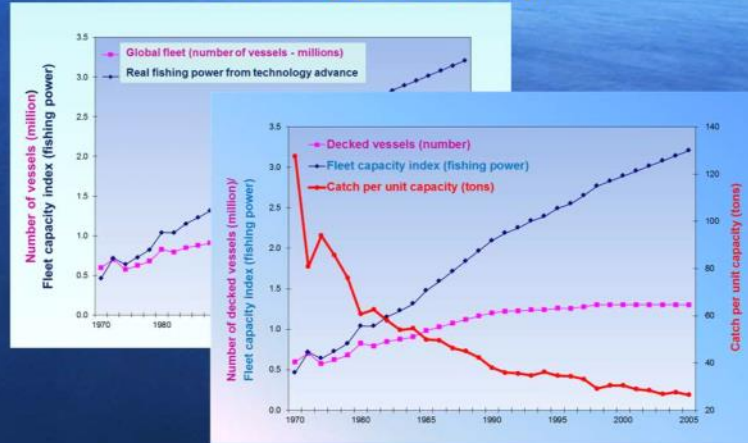
Source: World Bank, 2006



- > **85%** of all marine stocks overexploited/ fully exploited
- more fishers are chasing less fish with bigger boats
- cost of catching is increasing - e.g., energy costs per ton catch
- relying on subsidies
- well managed marine fisheries could make \$50 billion more 'profit' each year

World Bank study 2008. 'The Sunken Billions'

increasing fishing fleets and fishing power declining productivity



recent estimate: global fisheries lost potential – food and profits

The Ocean's Tremendous Potential



More Food

23% more in harvests per year

+17
MMT/year



More Profit

315% more in profits per year

+\$90 billion
USD/year



More Fish

112% more fish biomass in the water

+782
MMT/year

*Relative to BAU

Ocean Prosperity Roadmap. Fisheries and Beyond



estimated rent loss in the SWIOFC area (2005 - 2009)

SWIOFC area catch	0.38 million tons (excludes foreign tuna)	
SWIOFC % global catch	0.45%	
Underexploited stocks	decreased from 24% to 18%	
Moderately exploited stocks	decreased from 21% to 13%	
Fully-exploited stocks	increased from 29% to 36%	
Overexploited stocks	remained about the same 19%	
Depleted stocks	increased from 5% to 11%	
Estimated SWIOFC rent loss	\$224 million/ year	
Potential to increase benefits	\$43m / year (assuming 25% of these rents recoverable)	

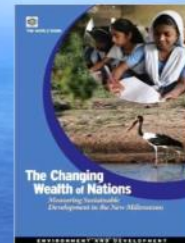
Simple extrapolation from Sunken Billions estimates applied to SWIOFC catch and resource status.



where is the Wealth of Nations?

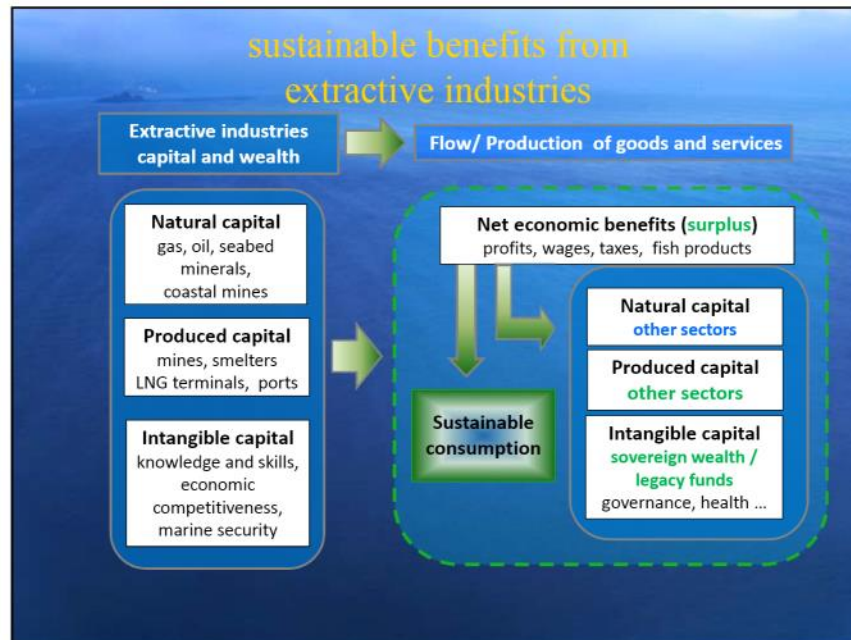
national wealth is the sum of:

- natural capital,
- produced capital and
- 'intangible capital'



Country /capital	Natural	Produced	Intangible
Singapore	<0.1%	31.3%	68.7%
Venezuela	60.2%	30.2%	9.6%

Oil Exporters (\$ bil.)	Net savings	Energy depletion	Adjusted net savings
Norway	26.2	15.9	16.2
Saudi Arabia	35.9	43.5	-1.8



- ### developing extractive industries
- pick responsible partners
 - Equator principles, EITI, Africa Mining Vision
 - separate the issues in negotiations: ownership, participation, benefits, risks
 - stewardship of revenues
 - avoid Dutch disease and ensure revenues and jobs after minerals are exhausted
 - sovereign wealth funds
 - diversification of portfolio
 - provision for legacy issues



IV. ROLES AND RESPONSIBILITIES

- role of the government
- role of the private sector
- role of civil society



government – a facilitator

- effective governance – governance score
 - maintaining political and social stability
 - maintaining maritime security, applying environmental norms
- enabling process
 - long-term vision and blue plan, coherence, integration, prioritisation of public expenditure
 - attractive investment climate; ‘silent’ investor infant industries
 - support for knowledge, innovation and private initiatives
- building public awareness
 - economic, social and environmental justification for the blue economy; tracking/ communicating progress



responsible private investment

- engagement by industry organisations e.g. chambers of commerce – constructive dialogue with government
- codes of conduct
 - corporate codes of social responsibility (enterprise level)
 - codes of industry conduct
 - purchasing policies
- communications with public
 - product footprints, labelling, product traceability
- investment and innovation
- economic benefits may depend on public awareness



well informed and responsible civil society

- provides a political foundation for the blue economy
- responsible behaviour & purchasing
- advocacy and leadership
- independent monitoring through CSOs and independent media





V. the way forward

1. country-level
2. regional-level
3. role of the Nairobi Convention



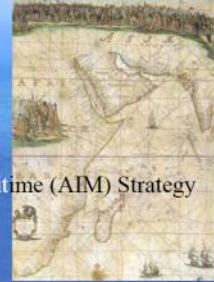
I. country-level

- develop blue economy vision, goals, public awareness, political will
- assure basic frameworks: governance, investment climate, facilitator, knowledge, marine tenure
- choose pathway(s), targets and timescales: sector, multi-sector, national
- underpin coordination, alignment, integration, 'compensation'
- ensure coherence among policies, plans and programs (poverty, climate change, ...)
- explore innovative funding (impact, debt nature, green taxes, 'greening' of subsidies)



2. regional level

- numerous frameworks exist:
 - Decade of African Seas and Oceans
 - Djibouti Code of Conduct; Africa Integrated Maritime (AIM) Strategy – governance, security, transport
 - Indian Ocean Rim – business, trade
 - Gaborone & Cairo Declarations – natural capital
 - Nairobi Convention – protocols, SAPs, projects
 - IOTC, SWIOFC, SIOFA, SADC Protocol, other REC instruments
- a ‘new blue framework’ ? ... or
- coordinate blue, green, other initiatives & prioritise actions/ \$
 - climate change, disaster preparedness, maritime security
 - poverty reduction strategies, fisheries & scientific cooperation
- endorsement by RECs of the way forward



V. LEADERSHIP AND ROLE OF THE NAIROBI CONVENTION



- support implementation of the **protocols**
- develop private sector **champions** and partners
- enhance a long-term regional **funding** pipeline
- support **REC** coordination on the blue economy
- maintain **knowledge** platforms (e.g. emerging technologies, economic justification for national blue economy activities)
- facilitate coherence and synergies between overlapping initiatives, (poverty, climate change adaptation, debt restructuring)
- support for human and institutional **capacity** building, public awareness
- special support for the environmental dimension of **extractive industries**

parting thoughts

- the blue economy gives long-term benefits but may incur short-term social, economic and political costs
- pathways and commitments are country specific
- key challenges are to capture sustainable benefits from renewable and extractive resources
- the role of government is as a facilitator; the private sector is the key investor; an engaged civil society provides the political foundation
- good governance, a favorable investment climate and healthy coasts and oceans are fundamental even without a dedicated blue economy initiative – a ‘no regrets’ strategy
- a blue economy initiative must be complementary to other initiatives, e.g. on poverty reduction, climate change
- the Nairobi Convention has an important supporting role

references

World Bank, Where Is the Wealth of Nations? (<http://go.worldbank.org/3Q1R261L1Q0>)

World Bank, The Changing Wealth of Nations.
(<http://siteresources.worldbank.org/ENVIRONMENT/Resources/ChangingWealthNations.pdf>)

World Bank, The Sunken Billions: www.worldbank.org/sunkenbillions

World Bank governance indicators: <http://go.worldbank.org/5QM8VLZRW0>

Environmental accounts in fisheries (UN/ FAO)
(http://unstats.un.org/unsd/envaccounting/Fish_final_whitecover.pdf)

WAVES Partnership (Wealth Accounting & Environmental Services)
(<https://www.wavespartnership.org/en>)

Ocean Prosperity Roadmap. Fisheries and Beyond
(<http://www.oceanprosperityroadmap.org/new-research-key-ocean-reforms-drive-huge-economic-nutrition-and-conservation-gains/>)

SWIO state of fish stocks (<http://www.fao.org/docrep/meeting/021/a1957e.pdf>)

