Financing the Transition to the Blue Economy

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The transition to a **sustainable oceans economy** requires **investments** and **policy reforms**...

1. **Public investments** in infrastructure, human capacity, natural resources management → leverage private investments *which comply with sustainability criteria*

2. A **policy framework** that is conducive to **economic growth** while ensuring **sustainability**

3. **Coordination** in strategies and investments across sectors and levels of government

...and is built on a foundation of protected **coastal and marine assets**
ODA not enough and not focused on sustainability

CONCESSIONAL FINANCE FOR THE SUSTAINABLE OCEAN ECONOMY

ODA for the Ocean

11% of annual ODA targets the Ocean

This amounts to 314 M a year

ODA for the Conservation and Sustainable Use of the Ocean

15% of Ocean ODA is allocated for the Conservation and Sustainable use of the Ocean

This share amounts to USD 46 M a year

Top Sectors

- Maritime Transport: 82%
- DRR: 6%
- Marine Protection: 4%
- Government Support: 3%
- Fishing: 1%
Oceans – Key asset for East Asia and Pacific

Ocean-based Industries: Main Trends

Global value-added from six ocean-based industries by region, 2005 and 2015
Total value-added in millions of constant 2010 USD

Note: The ocean-based industries measured are marine fishing, marine aquaculture, marine fish processing, shipbuilding, maritime passenger transport and maritime freight transport.
Share of value-added and employment for six ocean-based industries in East Asia and Pacific, 2015

As a percentage of total value-added in millions of constant 2010 USD
- Maritime freight transport: 28%
- Maritime passenger transport: 23%
- Marine aquaculture: 6%
- Fish processing: 7%
- Shipbuilding: 38%
- Marine fishing: 18%

As a share of total employment in thousands of persons engaged
- Maritime passenger transport: 7%
- Marine aquaculture: 47%
- Fish processing: 4%
- Shipbuilding: 5%
- Marine fishing: 33%
- Maritime freight transport: 4%

World Bank Approach to Blue Economy

Knowledge Management and Innovation

Enabling Environment, Governance, Fiscal, & Financial Regimes

Public and Private Investment

Blue Economy Action Plan

Gender

Climate Change
World Bank Financing - PROBLUE MDTF

**Pillar 1**
Improved Fisheries Governance

**Pillar 2**
Marine Pollution Management, including Marine Litter (Plastics)

**Pillar 3**
Blueing of Oceanic Sectors

**Pillar 4**
Integrated Seascape Approach

**Goal:** To achieve integrated and sustainable economic development in healthy oceans

**Global knowledge products & tools**

**Targeted TA throughout the project cycle**

**Investments**
WB Operational Support to the Blue Economy

1. Brazil’s Blue Platform

2. Seychelles’ Blue Bond

3. Mozambique
   a. PPP for Protected Area Management
   b. Public Private Community Partnership for Coastal Tourism
   c. Matching grant facilities

4. Indonesia
   a. Attracting Private Sector Financing – Challenge Fund
Brazil - Blue Platform to achieve Blue Economy

Blue Platform

- Biodiversity
  - Conservation
  - Sustainable Use
- Fisheries Mng.
  - Stocks Assessment
  - Fisheries restrictions
  - Fishing quotas
  - Licensing
  - Community rights
- Mainstream sustainability in private sector
  - Commercial and artisal fisheries
  - Oil and Gas
  - Transport
- Sustainable Production
- MPA
  - MPA management
  - Sustainable use
  - Research
- Tourism Payment for Ecosystem Services
Blue Platform

Impact Investors

Pirvate obligations

Payment for ecosystem services

National Grants

International Grants

Innovative instruments

Expected sources of funds

World Bank / GEF – US$18 MI to kickstart the Blue Platform
Seychelles Blue Bonds

Investors

Blue Bond
$15m

Government of Seychelles

Repayments Y8, Y9, Y10

SeyCCAT ($3m)

Grants

Grants

Grants

Research, Management Plan, Education, MCS, R&D, etc.

Development Bank of Seychelles
($12m)

Loans

Loans

Loans

Stock re-building, fleet restructuring, fish processing, aquaculture development, etc.

GEF credit $5m

IBRD guarantee $5m

Eligibility Criteria Evaluation committees

Subsidiary Agreements
Co-management – Bazaruto National Park

• Bazaruto Archipelago Marine National Park

• 25-year, renewable partnership agreement
  • African Parks - Conservation NGO that leads 13 other co-management agreements in Africa.

• Expected results:
  • Strengthening of law enforcement
  • community engagement - local employment, including tourism and fisheries
  • infrastructural development

Financing

• $US 16m committed by AP until 2022;
• $US 2.3m from the World Bank + TA
• Retention of Park revenues (ie tourism) and reinvestment in Park
Concessions within MPAs
Community-led development

• Community eco-lodge in Bazaruto National Park
  • Targeted at medium/low budget tourism

• Joint venture between **community & private operator**
  • WB support - equity for communities, TA on benefit sharing, support on concession process

• Private Operator
  • Selected through competitive transparent process (Far and Wide)

• Community partner - Thomba Yedho Association
  • Revenue sharing model: fixed income (USD 5,000.00/year) and a variable income (5% of gross revenue during years 1-5, increasing to 10% of gross revenue from the sixth year);
Risk Sharing Facility – Matching Grant

Mozambique
Coastal fisheries initiative – Challenge Fund Indonesia

**Goal:** To facilitate private sector investment in sustainable coastal fisheries

1. Identify fishery and supply chains
2. Prepare fishery for investment (planning and management)
3. Appraise business case
4. Promote to investors

**Consultation** with communities and partnership with governments
Final observations

Financing for what? – Clarify first what transition to blue economy entails, sectors, financing needs.

Innovation is tempting, but ‘bread and butter’ still tastes good – redirecting public spending in some countries (such as Indonesia) has significant impact.

Data, data, data... Transparency, Transparency, transparency... Oceans resources not known, not valued, not communicated.

Private funding can be available, but public funding to capture ‘public goods’ nature of oceans is in order, including larger flows of ODA (performance-based?)
Thanks

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