

# Can the Ocean Economy Deliver a More Sustainable Future for All?

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**Abstract:** The expansion of ocean economy activities provides new opportunities as well as risks for all countries, and especially for developing countries. Ensuring developing countries can benefit from an expanding ocean economy, and that sustainable practices are effectively integrated, are paramount to achieving a global sustainable ocean economy. This article discusses the elements of the systemic shift required to transition to an equitable and sustainable global ocean economy, underlining the centrality of evidence-based cross-sectoral policymaking, the mobilisation and alignment of private finance, and enhanced international co-operation.

**Keywords:** *International economics, Natural Resource Economics; Environmental and Ecological Economics, ocean, blue economy, ocean economy, environment and ecology, off-shore energy, sustainable development, sustainable development finance, conservation, just transitions.*

In recent years, a rapid acceleration of economic activities taking place in the ocean, or using ocean and coastal resources (Jouffray et al., 2020; OECD, 2016) has led many countries to consider the ocean economy as a potential new engine of economic development. From Norway to Portugal, to Indonesia, to the United States, to many small island developing states, the list of countries that have doubled down on investments in maritime sectors, or created national strategies and plans to develop their ocean economy, is growing rapidly. Globally, ocean economy sectors that have seen a particularly fast expansion

have been off-shore wind energy, marine aquaculture, port activities, as well as tourism and cruise shipping. And while the COVID-19 pandemic has temporarily put a dent on many ocean economy sectors, such as tourism and shipping, overall trends seem to point to continued expanded economic activity in the ocean after the COVID-19 pandemic. This is broadly consistent with the OECD estimates produced prior to the COVID-19 crisis, which pointed that the ocean economy could double in size between 2010 and 2030, from USD 1.5 trillion USD in value added to USD 3 trillion USD (OECD, 2020).

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A sustainable ocean economy – one that conserves and sustainably uses the ocean – can be central to solving many of the key challenges we face globally today. If managed sustainably, the ocean has the capacity to regenerate, enhance resilience, and support more equitable societies. It can provide sustainable food, low-emissions energy and help us tackle the climate crisis.

However, to become sustainable, and deliver prosperity for people and the planet, the ocean economy needs to be part of a broader systemic transformation and of a fundamental re-think of economic models and business models. The state of the ocean and marine ecosystems was raising alarms already a decade ago when it was estimated that 60 per cent of the world's major marine ecosystems had been degraded or were being used unsustainably (UNEP, 2011). The cumulative impacts of anthropogenic pressures are pushing the ocean to conditions outside human experience, including increasing ocean warming and acidification, decline in oxygen, marine species decline, sea level rise and more frequent extreme weather events of the kind that have historically been rare (IPCC, 2019). The acceleration of economic activity in the ocean adds to these strains and highlights the urgency to change how economic activities integrate ocean use and ocean conservation and restoration.

Developing countries are often in a paradoxical situation when it comes to the ocean economy, and increasing the benefits they can harness from the ocean economy will be a critical part

of achieving a sustainable global ocean economy. On one hand, developing countries are already, on average, the most reliant countries on ocean economy sectors – such as tourism and fisheries – for jobs, foreign exchange, and income. At the OECD we estimate that ocean-based industries represent under 2 per cent of GDP for high income countries, but over 11 per cent for lower middle-income countries, and for some small island developing states' tourism alone can account for more than 20 per cent of GDP (compared to 2 per cent for OECD countries).<sup>1</sup> Yet, on the other hand, as depicted in Figure 1, developing countries capture only a small fraction of the global value added from the ocean economy, (OECD, 2020), and they face large challenges in tapping into the opportunities from new or emerging ocean economy sectors. For instance, small island developing states and coastal Least Developed Countries (LDCs) account for 0 per cent of offshore wind farming, the fastest growing sector of the ocean economy, and for 0.09 per cent of aquaculture, the world's fastest growing food production (Jouffray, 2021). Challenges in accessing the science, policy evidence and financing have considerably constrained developing countries' ability to harness new opportunities from the ocean economy (OECD, 2020).

Ultimately, the way existing and emerging ocean-based sectors will develop could either accelerate progress towards sustainable development in developing countries or exacerbate current unsustainable trends. For the

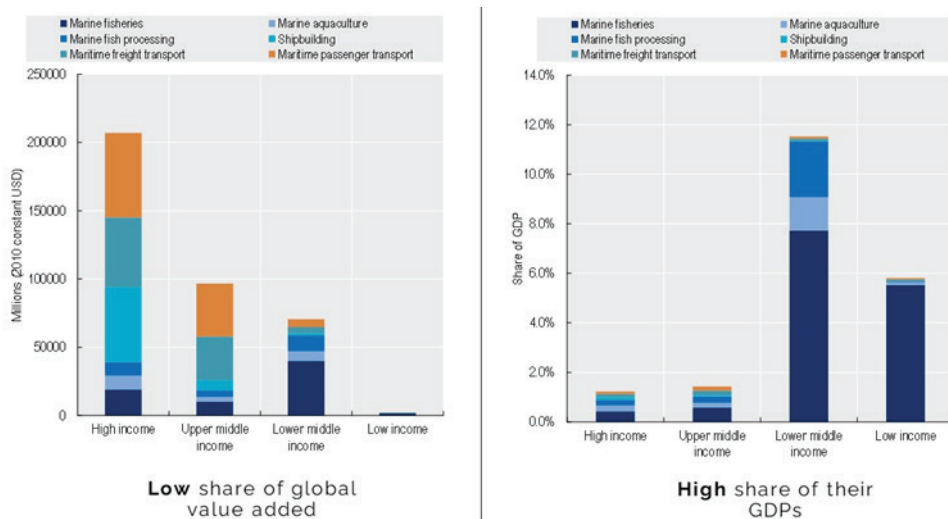
ocean economy to become a driver of resilient, inclusive and sustainable development, it will be essential that developing countries can both tap into new sustainable opportunities from emerging ocean economy sectors that at present still remain difficult to harness and that the social, economic and environmental sustainability of existing ocean economy sectors be enhanced. For instance, many developing countries are already paying increasing costs from growing ocean pollution and climate change impacts on their marine and coastal resources Kirezci et al (2023) that threaten the future development trajectory of these sectors. These include increasing ocean acidity and ocean warming causing widespread damage to coral reefs and marine ecosystems,

affecting food chains, fisheries and tourism. These trends reinforce the need to pursue sustainable models of development and sustainable ocean economies.

So what are some of the steps that will be required to turn the promise of a sustainable ocean economy into a reality?

It is encouraging that a transition to sustainable ocean economies is gaining international momentum, and in the past few years, an increasing number of national and international initiatives have focused on the ocean. Across the globe, countries have developed new policies, forged new alliances and created new funds to foster sustainable ocean economies. For instance, Japan recently leveraged its Presidency of the G20 to achieve the endorsement of the Osaka

**Figure 1: The Paradox of the Ocean Economy in Developing Countries: they rely on Ocean Economy Sectors the most but Capture a Negligible Share of Global Value added from the Ocean Economy**



*Source:* OECD (2020), Sustainable Ocean for All: Harnessing the Benefits of Sustainable Ocean Economies for Developing Countries

*Note:* Global value added by country income group in 2005-15, expressed in constant 2010 USD prices.

Blue Ocean Vision (G20, 2019), and Canada put the ocean at the centre of its G7 presidency in 2018, launching the Charlevoix Blueprint for Healthy Oceans, Seas and Resilient Coastal Communities and advancing the Oceans Plastics Charter (G7, 2018). Indonesia put the blue economy for the first time on the agenda of the G20 during its G20 Presidency in 2022, and India maintained a focus on the blue economy in its G20 Presidency in 2023 (Ministry of Environment of India 2023). Another initiative is the High-Level Panel for a Sustainable Ocean Economy, created by leaders from 18 countries from the global North and South and co-chaired by Norway and Palau as a collaborative effort to promote the sustainable use and conservation of the ocean. The UK has launched its Blue Planet Fund, a significant initiative to scale up ocean action.

However, more needs to be done. Below, I highlight three key areas where efforts will need to focus to support the systemic shift required to transition to an equitable and sustainable global ocean economy.

First, it is critical to enhance the evidence base available to developing countries to develop a vision and strategy for promoting a sustainable ocean economy. More and better data and evidence are needed to support the development of a coherent, unified vision and direction for the sustainable ocean economy, where the complexity of inter-sectoral interactions is understood, environmental, social and economic values are integrated, and adequate

resources are mobilised across sectors. This is all the more important in the field of the sustainable ocean economy because the ocean economy encompasses a multitude of sectors, and enhancing sustainability requires both a unified approach that allows to identify and manage trade-offs and develop synergies and co-benefits across sectors, and a range of sector-specific actions. Evidence and policy making for the ocean economy are instead frequently fragmented, as responsibilities split across multiple sectoral ministries.

Several developing countries have established national strategies for a sustainable ocean economy and created dedicated ministries with an overarching responsibility for policy-making in the ocean economy (OECD, 2021). Among the latter are Barbados, Cabo Verde and Indonesia. Cabo Verde, for instance, created a Ministry for the Maritime Economy in 2018 with a broad portfolio with respect to the ocean that includes traditional maritime sectors such as transport as well as fisheries. However, all countries, and especially developing countries, face significant challenges in accessing the data and evidence needed to develop and implement these strategies, and would benefit from integrated ocean economy evidence to localise the actual risks and benefits from the ocean economy.

Second, the private sector needs to be an active part of a transition towards more sustainable economies – both for increasing the scale of sustainable investments for healthy and productive oceans and for crafting new, more

environmentally and socially sustainable business models and products in ocean-based sectors. But this change will not happen on its own. Public policies and financing need to be proactive, actively co-creating markets and tilting the playing field in the direction of sustainability for shared prosperity.

Several innovative financial instruments have recently been developed to attract a broader set of resources for the conservation and sustainable use of the ocean. These include blue bonds, blue carbons, innovative insurance schemes, and debt-for-ocean swaps (The Nature Conservancy, 2020; Silver et al., 2019; Pascal et al., 2018). In addition, blended finance has become a popular topic in ocean finance too – that is, the use of guarantees, grants, etc to increase the attractiveness of investments and structure returns so as to improve the commercial investments viability. But more important than the project-level mobilisation of private finance are changes at the system-level to mainstream sustainability in ocean investments. Public policies, regulations and financial levers need to ensure that sustainability is integrated into traditional financial services, in financial markets (e.g. stocks and bonds), and in credit markets (e.g. loans or bonds). A number of principles for responsible and sustainable investments have been developed recently that could help refocus investments (UNEP-FI, 2021). These are, however, voluntary commitments that call upon the goodwill of companies and investors. To be effective, they will need to be subscribed

to more broadly and linked to clear and solid implementation and monitoring frameworks.

Third, international development cooperation has a key role to play in ensuring that the expansion of the global ocean economy is guided by institutional arrangements, policies and financial flows that are aligned with the imperative of sustainability and with the needs of developing countries and the world's poorest and most vulnerable people. Development cooperation has also significant role to play in facilitating developing countries' access to evidence, innovations, policy advice and financial resources needed to transform both emerging and existing ocean-based sectors into catalysts for long-term, inclusive and sustainable development.

However, while many development cooperation providers have long track records of support to specific areas of the ocean economy, such as fisheries or marine conservation, few understand and promote a sustainable ocean economy holistically, taking into account competing pressures as well as synergies across the ocean to foster greater resilience and sustainability. Also, while many international initiatives on the ocean are emerging globally, total development cooperation flows to support sustainable ocean economies remain disappointingly small. Through the OECD Sustainable Ocean for All Initiative, we estimate that in 2021 total Official Development Assistance in support of a sustainable ocean economy totalled USD 2.08 billion (OECD, 2023). This represents less than 1 per cent of global ODA, and it is also

a 26 per cent decline compared to the previous year. Figure 2.

To help reverse these trends, the OECD Development Assistance Committee (DAC) has committed to stepping up efforts in support of a global sustainable ocean economy, including in its recent Climate Declaration (OECD/DAC, 2021). To support this commitment, the OECD Sustainable Ocean for All Initiative has started work to develop the first OECD Guidance for Development Co-operation in Support of a Sustainable Ocean Economy (henceforth ‘Guidance’).

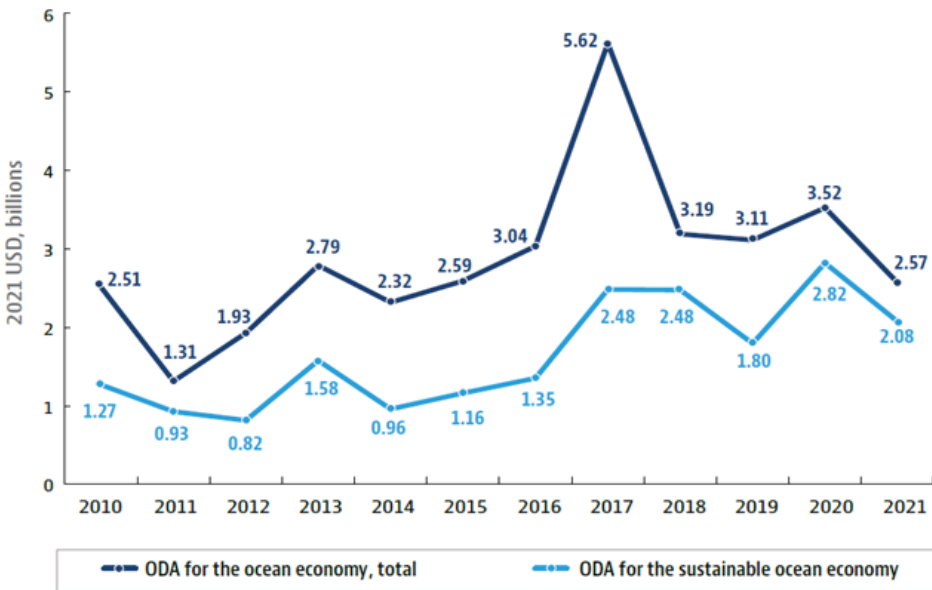
The objective of the Guidance is to promote greater impact and coherence of development co-operation efforts in support of sustainable ocean economies across the development co-

operation ecosystem, helping ensure that interventions respond to the new challenges and opportunities from an expanding global ocean economy, and that they are tailored to developing countries’ specific circumstances and needs.

But this Guidance can only bring value if developed through an open and inclusive process, one involving not only OECD DAC members but also partner countries, international organisations and relevant stakeholders – to ensure that different perspectives, ideas and concerns are incorporated and translated into concrete recommendations for the interventions of development co-operation providers.

This is why the OECD has established an international multi-

**Figure 2: Official Development Assistance (ODA) in Support of a Sustainable Ocean Economy**



Source: OECD Sustainable Ocean for All (2023). Full database available at:

stakeholder group to develop the Guidance, which comprises OECD members, partner countries, as well as Academia, the private sector and many international institutions,, including from the European Investment Bank, African Development Bank, UNEP, UNCTAD, UNESCO, World Wildlife Fund, and many more.

This inclusive process will allow DAC members, developing countries, other international institutions and stakeholders to share knowledge, experiences, challenges and opportunities regarding the development of sustainable ocean economies in developing countries. It will allow to identify of existing gaps in development cooperation for a sustainable ocean economy, for instance, linked to the potential need for development cooperation to device new cooperation schemes and tools to ensure that developing countries are equipped with the instruments to assess new risks from the ocean economy and effectively pursue sustainable development opportunities. It will allow to identify of good development co-operation practices and innovative approaches that can deliver more effective and coherent efforts across the development co-operation architecture.

## Conclusion

Overall, shifting to sustainable ocean economies implies bold and proactive policies that can help refocus economic activities and foster new sustainable economic models that conserve ocean and coastal resources and produce more sustainably. But effective policy

making for sustainable ocean economies – in both developing countries and the international development community supporting them – is currently hampered by a lack of adequate evidence and a lack of long-term actions across the spectrum of policy areas relating to the ocean. There is a need to develop clear definitions, standards and principles for effective policy making on the sustainable ocean economy, to better track policies and finance, and to share good practices and lessons learned across countries and communities of practice. The OECD Guidance for Development Co-operation in Support of a Sustainable Ocean Economy and the broader OECD work by the Sustainable Ocean for All Initiative is a step in that direction.

## Endnote

<sup>1</sup> Figures refer to data collected with reference to six ocean-based industries.

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