

The Blue Economy and Economic Transformation in Africa

Akbar Noman

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The Blue Economy

- + A week or so ago learnt that the African Development Bank (AfDB) has the topic of blue economy and economic transformation in Africa as a major theme at its next annual meeting in July 2016
- + Had vaguely heard of the “blue economy” (BE) but not really focused on it. A quick survey over dinner of a sample of 4 recently post-graduated Oxbridge economists suggested that that was the general case
- + BE seems to have come into prominence at Rio+20 when Small Island Developing States (SIDS) and some coastal economies felt that the “green” concerns were neglecting the “blue”
- + Sparse literature but seemingly rapidly growing one , including an EC policy paper on BE strategy for the EU; a World Ocean summit report in 2015 that put BE on the last G-7 agenda. Last month UN ESCAP adopted a resolution sponsored by Bangladesh, India and Australia calling for enhanced regional cooperation on BE

What is Blue Economy?

- + Thought would change my topic to think aloud about BE and its possibilities as implied by AfDB linking it to transformation in Africa
- + But confusion about what BE means – ranging from just exploitation of ocean resources to a jumble of positive and normative concepts and aspirations
- + One def: “The Blue Economy is envisaged as the integration of Ocean Economy development with the principles of social inclusion, environmental sustainability and innovative, dynamic business models..... "blue growth" addresses the problems of resource scarcity and waste disposal, while delivering sustainable development that enhances human welfare in a holistic manner.”

- + As late as in 2015 both the WWF and the EIU noted lack of clarity: “Despite increasing high-level adoption of the Blue Economy as a concept and as a goal of policy making and investment, **there is still no widely accepted definition of the term**” (WWF)
- + According to EIU: “can the concept of the blue economy be more than aspirational? What do government, and others, really mean when they refer to it?”
- + The report further asks “*What is the difference between the ocean economy and the blue or sustainable ocean economy?*” It offers the following “*working definition: A sustainable ocean economy emerges when economic activity is in balance with the long-term capacity of ocean ecosystems to support this activity and remain resilient and healthy.*”

BE as part of sustainable development

- + The emergence prominence of of BE reflects growing concern with the massive damage being inflicted on ocean ecosystems, notably by overfishing, habitat destruction, pollution and climate change
- + As with climate change, there is worry about “tipping points” being crossed.
- + BE is best seen as extending the broader concerns about global public goods, particularly sustainable development to the Oceans
- + As an additional dimension to environmentally sustainable development (as reflected in SDG 14)

- + Growing BE concern and interest also seems to reflect emerging new technologies for exploiting ocean resources esp. deep sea mining
- + What has BE got to do with econ. Transformation in SSA?
- + First transformation is also about sustainability . Part of more general problem of undersupply of public goods that constrains transformation
- + Sustainable “sea and sands” tourism, fishing and ocean mining are potentially important sources of transformation in some African countries
- + But some hype as in Professor Francois Vreÿ’s op-ed in a South African newspaper: “For Africa, the blue economy is probably a game changer – the value of which African decision-makers are only now grasping and factoring into their planning strategies”

- + More accurate to think of BE as drawing attention to a particular subset of constraints and opportunities. And trade-offs
- + Conceptually no different from “green growth”. (Perhaps “Turquoise growth” would be most accurate) .
- + However as the EIU report notes “Defining the blue economy, then articulating how to piece together enabling legal, governance, investment and financing arrangements —and implementing these—will be a major challenge”
- + Negotiating or renegotiating agreements with foreign investors in sea mining, tourism and fishing present similar challenges to doing so with other foreign investors

+ Global Governance issue

+ In terms of domestic policies also conceptual similarity with other policies for transformative high-quality growth

+ Above all: “blue” industrial policies and they raise broadly the same type of issues as industrial policies of other hues