



Task Force 6
Accelerating SDGs: Exploring New
Pathways to the 2030 Agenda



ENHANCING KNOWLEDGE PARTNERSHIPS, FINANCIAL MECHANISMS AND G20 LEADERSHIP FOR A THRIVING BLUE ECONOMY

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The image features a white rectangular area on a red background. In the top-left corner, there are several overlapping, semi-transparent shapes in shades of red and orange, resembling stylized leaves or petals. The word "Abstract" is written in a bold, black, sans-serif font in the upper left portion of the white area.

Abstract



There is immense traction in the blue economy to figure in the agenda of the G20—an international forum focused on reviving international trade and the global market in a post-pandemic world. As the G20’s focus has shifted from business-as-usual models to sustainable businesses, integrated development and sustainable growth of their ocean economies can be supported and strengthened. This Policy Brief


offers policy recommendations that can be replicated and adopted from successful initiatives of G20 members. Such a regenerative and sustainable growth strategy could permeate all sectors, including livelihoods, tourism, fisheries, ocean economy, maritime security, and climate action. The brief also describes the barriers to financing a sustainable ocean economy and suggests pathways to ensure that the benefits of the ocean are available to all.



The Challenge



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The ocean is a lifeline for humankind: globally, the ocean economy accounts for US\$1.5 trillion of gross global value-added activity¹ and generates 660 million to 820 million fisheries-related jobs. Approximately 40 percent of the world's population live in the coastal regions.² As of 2018, the export value of ocean-based industries identified by the United Nations Conference on Trade and Development (UNCTAD) was US\$2.5 trillion, while the estimated value of ocean goods was about US\$1 trillion.³ The increasing economic demand on oceans and inefficient ocean governance has pushed for the development of blue economy (BE). Sustainable Development Goal 14 focuses on a sustainable ocean economy where the conservation of the ocean would play a pivotal role in the survival of humankind. The global BE model focuses on the tenet of 'healthy ocean for all' based on equity, and insists on development and resource-sharing with developing and least-developed countries. This Policy Brief examines the challenges to the growth of blue economy, and the ocean economy at large. These challenges are: (1) Illegal, unreported and unregulated (IUU)

fishing, (2) gaps in blue finance, and (3) lack of knowledge.

1. IUU Fishing

Illegal, unreported and unregulated (IUU) fishing violates national and global fishing regulations.⁴ It is estimated that IUU fishing comprises up to 26 million tonnes of fish caught annually, with an estimated value of between US\$10 billion and US\$23 billion per year.⁵ IUU fishing is a significant threat to the sustainability of fishery resources, the health of marine ecosystems, and the economic and social well-being of coastal communities. A large majority (90 percent) of developing countries are extremely vulnerable to IUU fishing, with countries in West Africa, South-East Asia, and the Pacific bearing the heaviest brunt.⁶

The Port State Measures Agreement (PSMA) adopted by the Food and Agriculture Organization (FAO) of the United Nations, is the first binding international agreement aiming to address the challenge of IUU fishing. The Regional Fisheries Management Organisations (RFMOs) are an international body of organisations that manage fishery resources within a region, with the aid of binding agreements and



treaties.⁷ These organisations set catch limits, regulate fishing practices, and monitor compliance.

Despite these efforts, many countries in the world continue to face IUU-related problems, especially developing countries, as they lack the resources and the capacity to effectively monitor and enforce laws and regulations against IUU fishing. According to the FAO, only 62 percent of the countries have adequate capacity to manage their fisheries,⁸ and only 42 percent have legislation that criminalises IUU fishing.⁹ As much as 90 percent of the fishing in West Africa operates without a licence or with fraudulent licences, making it difficult to trace the origin of seafood and unregulated fishing.¹⁰


2. Gaps in Blue Financing

According to UNCTAD, there is a significant financing gap for the blue economy in developing countries, with an estimated US\$3.4 billion funding shortfall for sustainable fisheries and aquaculture alone.¹¹ One of the factors widening the blue finance gap is the lack of standardised metrics for measuring the impact of investments. A 2021 report by the European Commission found that more standardised metrics

are required to assess the impact of blue finance on environmental and social outcomes.¹² Blue innovators are also hampered by tariffs and non-tariff measures (NTMs) like increasing cost of ocean-based goods and services, reducing market access, and limiting growth opportunities.

3. Knowledge gaps

Despite the significant contribution of marine biodiversity to the development of the ocean economy, there is still a lack of comprehensive understanding of the biodiversity in the world's oceans. According to FAO, less than 1 percent of the world's marine species have been identified and described, indicating a significant knowledge gap in this area.¹³ This lack of maritime domain knowledge is exacerbated by insufficient data on the economic value of marine resources. The lack of maritime domain knowledge limits the understanding of the effects of climate change on marine ecosystems.¹⁴ Such knowledge gaps lead to ineffective ocean policies and regulations that hinder the growth of the blue economy. Maritime domain awareness (MDA) has been developed as the non-negotiable trajectory for the development of BE. It calls for a comprehensive



understanding of the maritime domain, including the movement of vessels, fishing activities, and environmental conditions.

Filling these knowledge gaps is critical to unlocking the full potential of the


blue economy, and which can be done through robust scientific research, data collection, and monitoring, thereby promoting sustainable use of marine resources. Investment in research and development of blue technologies is therefore essential.



The G20's Role

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The G20 represents around 80 percent of the world's economic output, 75 percent of global trade, and two-thirds of the world's population.¹⁵ The Hangzhou Communiqué of 2016 was one of the first key G20 declarations on the blue economy. In this communiqué, the G20 leaders committed to “promoting sustainable use and conservation of marine resources, including through the effective implementation of the 2030 Agenda for Sustainable Development and its ocean-related targets.”¹⁶

The communiqué was followed by the Hamburg Action Plan (2017) built on the commitments made in the Hangzhou Communiqué. The action plan focused on fostering the sustainable use of oceans and marine resources, including the implementation of the 2030 Agenda for Sustainable Development and the Paris Agreement.¹⁷ The Buenos Aires Declaration (2018) was another important G20 declaration on ocean governance and the blue economy.

The Osaka Leaders' Declaration (2019) reaffirmed the G20 commitment to promoting the sustainable use and conservation of oceans.¹⁸ The

declaration recognised the importance of international cooperation and public-private partnerships in achieving these goals and emphasised the need to develop innovative solutions to tackle the challenges of ocean governance and the blue economy. The Riyadh Leaders' Declaration (2020) recognised the economic significance of the blue economy and the requirement to promote sustainable development in the maritime sector.¹⁹ The Rome Declaration (2021) reaffirmed the G20 commitment to promoting sustainable use and conservation of oceans and marine resources, dealing with marine pollution, and enhancing the resilience of coastal communities and ecosystems.²⁰

The most recent, the G20 Leaders' Declaration 2022 issued after the Bali Summit, reaffirmed the G20 commitment to promote sustainable use and conservation of oceans and marine resources.²¹ The declaration highlighted the requirement for effective governance of the high seas, including the development of a new international legally binding instrument under the United Nations Convention on the Law of the Sea (UNCLOS). In addition, the G20 has also launched



several initiatives on ocean governance and the blue economy. These include the G20 Blue Economy Working Group, which was established in 2017 to promote the sustainable use and conservation of marine resources, and the G20 Resource Efficiency Dialogue which focuses on promoting resource efficiency and reducing waste in the blue economy.

The G20 has recognised the importance of blue finance and has taken corrective steps as stated in G20 Summit held in Osaka in 2019.²² In a 2019 report, the Organisation for Economic Co-operation and Development (OECD) and the United Nations Development Programme (UNDP) urged the G20 to “promote innovative financing mechanisms to support ocean-based solutions, such as blue bonds, blue carbon finance, and blended finance approaches.”²³


While these G20 declarations are important steps in promoting sustainable development in the blue economy, gaps remain in their implementation and enforcement. There is a requirement for greater international cooperation and coordination in addressing the complex challenges of ocean governance and the blue economy. The G20 has also taken steps to promote the development of blue finance, including the promotion of sustainable finance, the development of innovative financing mechanisms, and the mobilisation of private sector investment for a sustainable blue economy. However, G20 has a long way to go in dealing with the complex and interrelated challenges of the oceans, which requires a holistic and integrated approach by the G20 economies.



Recommendations to the G20

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This Policy Brief suggests that the G20 develop a ‘blue economy charter’ to guide the member countries in MDA and blue finance. This charter should be based on the principles of sustainable development, integrated coastal zone management, and innovative financial instruments.

The following paragraphs outline the policy areas that must be carried in the charter.

A. Maritime Domain Awareness (MDA)

MDA is the effective and holistic understanding of global maritime that could affect the security, safety, economy, and climate of a country or region. MDA has been recognised as a critical component of ocean governance, especially in the context of IUU fishing, piracy, and drug trafficking. The G20 should therefore develop a comprehensive approach to MDA.

To enhance MDA, the G20 could take the following steps.

1. The G20 should support capacity building for MDA in developing countries, including training

programmes, technology transfer, and other forms of support. This could be done through partnerships with multilateral organisations such as the UNDP, the World Bank, and regional organisations, along with universities and research organisations.

2. The G20 should encourage international cooperation on MDA in the form of information sharing, joint patrols, and coordinated responses to maritime incidents. This could be done through a network of maritime security centres that share information and coordinate responses.

3. The G20 should promote transparency and accountability in the maritime sector, including the fishing industry, by requiring the use of vessel-tracking technology, and the publication of catch data. This would help prevent IUU fishing and other illegal activities.

4. The G20 should encourage the development and deployment of technology to support MDA, including remote monitoring sensing, automated identification

systems (AIS), satellite surveillance, autonomous vehicles, and artificial intelligence. This could be done through partnerships with the private sector.

5. The G20 can be the platform to support research and development on marine ecological effects of undersea cables, among other understudied aspects of ocean health.


B. Blue Finance

‘Blue finance’ is a relatively new concept that refers to the use of financial instruments and mechanisms to support sustainable ocean development. Blue finance has the potential to mobilise private sector investment and promote the transition to a more sustainable and resilient ocean economy.

Among the key challenges for the blue economy is the lack of financing and investment, which can hinder its growth and development. The G20 can help tackle this challenge by developing a framework for bringing blue finance into the mainstream.

The G20 charter should focus on the following areas.

1. Creating tax incentives, providing regulatory support, and undertaking other measures that encourage private sector investment in the blue economy. This could include the creation of blue bond markets, green bond markets, and other financial instruments. By creating a favourable investment climate for blue finance, the G20 can help attract more private sector investments in this sector.
2. Promoting the use of sustainable finance principles in the blue economy, including the incorporation of environmental, social, and governance (ESG) factors into investment decisions. By promoting the use of sustainable finance principles, the G20 can ensure that investments are both environmentally sustainable and socially responsible.
3. Creating a network of financial institutions, including banks, asset managers, and other financial



institutions, that are focused on blue finance. This network could work together to develop new, innovative financial products and services that are specifically designed for the blue economy. This could include green bonds, blue bonds, and other financial products.

4. Supporting capacity-building that help stakeholders understand the benefits of sustainable marine ventures and on how to implement them. This could be achieved through training programmes, workshops, and awareness-building campaigns.

C. Inclusive Marine Biodiversity

To deal with the challenges facing marine ecosystems and accelerate towards achieving SDG14, it is crucial to develop inclusive learning systems and support the proposed High Seas Treaty.


For that, the G20 can take the following initiatives.

1. The G20 can enhance inclusive learning systems by fostering knowledge sharing, through capacity

building and with the inclusion of diverse stakeholders. The G20 can promote education and awareness about the marine ecosystems and their vulnerabilities. It can strengthen scientific research and monitoring to enhance evidence-based policies and management strategies. It can foster collaboration and knowledge sharing among academia, governments, and local communities on best practices for marine conservation.

2. The G20 can support the High Seas Treaty which is aimed at conserving marine biodiversity beyond national jurisdictions. It can take steps in advocating the ratification of important diplomatic efforts for marine protection, and strengthening governance frameworks for the sustainable management of marine resources.

Overall, the G20 can play a critical role in building a framework for bringing blue finance into the mainstream. By promoting sustainable finance principles, building a network of financial institutions focused on blue finance, creating incentives for private-sector investment, and supporting the



development of innovative financial instruments, the G20 can help unlock the financing requirements to support the growth and development of the blue

economy. The development of a G20 charter that focuses on these areas can provide a roadmap.

Attribution: Anisree Suresh, “Enhancing Knowledge Partnerships, Financial Mechanisms and G20 Leadership for a Thriving Blue Economy,” *T20 Policy Brief*, July 2023.

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