

Operationalising Blue Economy in Africa: The Case of South West Indian Ocean

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ABSTRACT Blue Economy is fast becoming an area of huge interest for African policymakers. Has the rhetoric translated to concrete developmental outcomes? This brief examines the question of how the concept of ‘Blue economy’ should be operationalised nationally and regionally in Africa. It highlights strategic entry points that should be driven by both public and private sectors and supported by South-South cooperation: the development of ports, promoting tourism while strengthening linkages with other sectors, nurturing regional value chains in blue products, and fostering blue-based Research & Development. The brief focuses on the countries of the Southwestern Indian Ocean region.

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INTRODUCTION

The African continent harbours 38 coastal states among its 54 countries, including a range of island states located in the South West Indian Ocean. It is also a continent that continues to battle development challenges including high levels of absolute poverty, a youth bulge in search of formal employment, prevalent informality in the economy, overdependence on exports for primary commodities, persistent income inequalities, and deficient inland-based infrastructure. These challenges are being compounded by the ongoing COVID-19 pandemic. How can Africa harness its rich marine resources to address persistent development challenges and build back better post-Covid?

The 'Blue economy'^a is fast gaining traction in development circles as a policy option for countries—developed and developing alike—to further their economic goals. In Africa, the African Union (AU) has designated the years 2015-2025 as 'The Decade of African Seas and Oceans'. In many of these countries, however, the blue economy remains little more than a buzzword that has yet to be fully implemented in practice that would result in concrete developmental outcomes. This brief argues that while strategies and policy frameworks on the blue economy abound in the African continent, countries have yet to develop a broad blue economy-based structure to their economies. The brief takes the case of the countries in the South West Indian Ocean region—Comoros, Madagascar, Mauritius, Mozambique, South Africa, and the Seychelles

—and calls on them to better integrate their blue economy in trade strategies and industrial policies.

BLUE ECONOMY IN THE SOUTH WEST INDIAN OCEAN

An Abundance of Strategies and Policy Frameworks

There is no dearth of documents that champion Blue Economy in Africa, highlighting its socio-economic benefits and potential for fostering broad-based economic activities (See Table 1 and Figure 1). The African Union (AU) *Africa's Integrated Maritime Strategy 2050*, for instance, declares the "urgent imperative to develop a sustainable 'Blue economy' initiative which would be a marine version of the green economy, one that improves African citizens well-being while significantly reducing marine environmental risks as well as ecological and biodiversity deficiencies."¹ The Strategy recognises that over 90 percent of Africa's trade are conducted by sea, even as it points to the huge losses suffered by the continent from illegal activities that pillage its seas and oceans.

The imperative for African countries is to claim economic sovereignty over their seas and oceans while exercising political sovereignty over them. This can only be done by managing and utilising these marine resources^b in a sustainable manner and re-investing revenues in the continent's much needed development. Implementing the 'Blue economy' concept is a means to such end.

a The Blue economy rests on the sustainable management and utilisation of natural resources, viz seas, oceans, lakes and rivers that know no borders and that are subject to the 'tragedy of the commons'.

b 'Marine resources' here is interpreted in a larger term that encompasses riparian and lacustrine resources.

Table 1: Benefits and costs of the Blue economy

Expected Benefits		
<p>Economic:</p> <ul style="list-style-type: none"> • Accelerated economic growth and diversification Creation of decent jobs • Poverty reduction • Potential for value-chain development, investment, innovation and industrialisation 	<p>Social:</p> <ul style="list-style-type: none"> • Livelihoods for the poor and marginalised • Creation of jobs for women • Reduction of income inequality • Reduction of gender inequality 	<p>Environmental:</p> <ul style="list-style-type: none"> • Revenues for environmental conservation • Valuation of environmental resources • Generates knowledge and best practices from adoption of sustainable development approaches in exploitation of natural resources • Opportunities for regional collaboration on environmental management e.g. Joint management of marine areas
Expected costs		
<p>Economic:</p> <ul style="list-style-type: none"> • Illicit trade and Illicit financial flows • Sovereignty over economic revenues • Infrastructure and capital investment needs and pressures on balance of payments • Increased prices of marine products for local populations (when priority is given to supplying export markets e.g. tourism) with implications on access of local population to sources of local food 	<p>Social:</p> <ul style="list-style-type: none"> • Conflicts over resources • Widened disparities and food insecurity when BE resources are channeled towards supplying export markets over local ones • Marginalisation of coastal communities, if for instance, BE resources are managed by larger firms • Big business over traditional, artisanal production 	<p>Environmental:</p> <ul style="list-style-type: none"> • Pollution of marine areas • Pillage of natural resources • Other environmental damage such as destruction of marine life • Costs associated with enhancing maritime insecurity

Source: Author's own

During the 33rd AU Summit in February this year, the AU launched the African Blue Economy Strategy in Addis Ababa. Regional economic groups such as the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA), and the Indian Ocean Commission (IOC) also recognise the potential of the Blue economy as a lever of socio-economic development in their strategic documents. The SADC is in the process of developing a Regional Blue Economy Strategy.

Given that blue economy resources can be characterised as natural capital that exhibit characteristics of the global commons, their sustainable utilisation necessitates a required level of international and regional cooperation and collaboration to ensure their optimal sustainable management. South-South cooperation can complement regional collaboration in areas where financial resources and technical capacity building are required, and more importantly when it comes to sharing best practices and traditional indigenous knowledge.

The natural resources underpinning the blue economy are exposed to the hazards of climate change and environmental destruction. For these *stocks* of resources to generate a *steady stream* of economic benefits over time, their conservation has to be ensured: to maintain both the quantity level of stocks and the quality of goods and services that can be generated from them. In other words, without environmental sustainability, the natural resources underpinning the blue economy cannot yield their expected benefits.

Though challenging, regional, South-South and global collaboration in environmental conservation is critical to ensure that investments in the blue economy are viable in the long run. The AU, for instance, proposes the creation of a Combined Exclusive Maritime Zone of Africa (CEMZA) to “minimize environmental damage and expedite recovery from catastrophic event” and “improve Integrated Coastal Zone/Area Management in Africa.”² Policing the marine commons in African waters requires functional regional surveillance systems, backed by a competent maritime police and security force. Indeed, reaping the benefits of the blue economy requires not only the exploitation, marketing and trading of marine-based resources in economically viable ways—it also needs a range of complementary measures that involve regional collaboration. These include, for instance, joint maritime security and surveillance (to avoid pillaging and pollution of resources and lessen risks in marine-based business operations), environmental conservation, and joint exploration to facilitate discovery of new sources of marine-based resources and conduct R&D on marine-based products.

The United Nations Economic Commission for Africa, in its *Blue Economy Policy Handbook*, notes that the full potential of the Blue economy cannot be reaped unless the issues of climate change and environmental mismanagement are addressed. ‘Sustainable Blue economy’ is a concept that is being promoted by the UN to encourage the adoption of green approaches in the blue economy and in ocean management. It stresses, among others, limiting damage to the

oceans and marine resources by integrating sustainability in the use of blue resources, including the reduction of carbon emissions in the course of developing the blue economy. For example, sustainable tourism practices can integrate “circular economy”^c principles and foster sourcing inputs from local sources rather than through imports with a larger carbon footprint. Such a greener approach to the marine and coastal economy will require new management approaches. It also needs new science that is integrated and transdisciplinary, combining natural and social sciences to help understand how humans affect marine ecosystems and how changes in these ecosystems in turn affect human well-being. These should be driven by well-articulated policy and management needs.³

At a national level, various countries have identified blue economy as a potential driver of socio-economic development. Table 2 lists the Blue economy frameworks for Comoros, Mauritius, Mozambique, Seychelles and South Africa. So far, none of these countries source a significant share of their export earnings and GDP from a broadly diversified Blue economy base. All these countries could aim for the development of blue economy-based value-chains at the national and regional level, driven by blue-based Small and Medium-size Enterprises (SMEs).

Yet there are huge potential benefits. It is estimated that in South Africa, for example,

Ocean economy Operation Phakisa^d has the potential to contribute up to 177 billion Rand to GDP by 2033 compared to 54 billion Rand in 2010, and create between 800,000 to one million jobs as well. The potential is particularly significant in the South West Indian Ocean, which has three of the five countries with the largest coastlines in Africa (Madagascar, South Africa, and Mozambique); four of the five with the largest Exclusive Economic Zones (South Africa, Seychelles, Mauritius, and Madagascar) and three of the five with the largest continental shelves (South Africa, Madagascar, and Mozambique).⁴ A coordinated regional Blue economy strategy could boost progress on its operationalisation in the area. Such a strategy can bring the South West Indian Ocean states under an umbrella of cooperation in multiple areas including marine infrastructure development, management of marine-protected areas, maritime surveillance, inventory of marine resources, and ocean-based R&D—all buoyed by South-South cooperation. For instance, India has been supporting capacity-building efforts in maritime surveillance and hydrography in certain African countries⁵ including Mauritius, Mozambique and Seychelles; it could extend its technical and financial support to other areas.

To be sure, cooperation must go beyond mere geo-political interests (for example, marked by loans to purchase marine

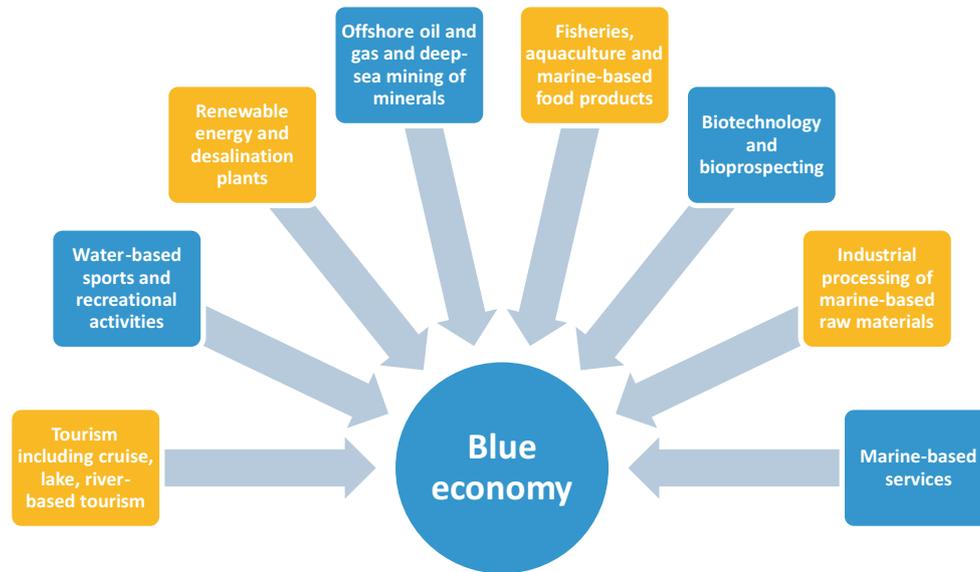
c Circular economy can be defined as an economic model where products and services are designed such that they can be re-used, either in the biological or technical cycles. (See: <https://sustainabilityguide.eu/sustainability/circular-economy/#:~:text=Circular%20economy%20is%20a%20manifestation,and%20value%20at%20all%20times>).

d Operation Phakisa is the name given to the results-driven approach that the Government of South Africa wants to adopt to accelerate development. Phase 1, Ocean economy Operation Phakisa, is focused on unlocking the potential of South Africa’s seas and oceans.

equipment and defence exercises and training) to encompass the economic realm. South-South trade and investments in the

productive, non-oil and gas sectors of the Blue economy (see Figure 1) driven by the private sector can be mutually beneficial for all parties.

Figure 1: Sources of blue-economy sectors and activities



Source: Author's own

Table 2: Blue-Economy Strategic Frameworks in Comoros, Madagascar, Mauritius, Mozambique, Seychelles and South Africa

Country	Strategic Framework	Pillars or objectives
Comoros	Strategic Framework for a Blue Economy National Policy.	<ol style="list-style-type: none"> 1. Strengthening of national safety and security 2. Enhancement of key sectors of BE with training and job creation for the young 3. Protection of coastal, aquatic, and marine ecosystems with waste management 4. Adaptation of institutional framework 5. Reorient pillars of regional integration framework
Madagascar	A National Blue Economy strategy is in process of preparation.	The Madagascar National Development Plan 2015-2019 makes no reference to Blue Economy.

Mauritius	The Mauritius 3-Year Strategic Plan 2017/18 – 2019/20 lists the Ocean - based activities as having the potential to boost growth and create wealth. The Ministry of Blue Economy, Marine Resources, Fisheries and Shipping has a Five-year Fishery Development Plan and a National Action Plan to prevent, deter and eliminate illegal, unreported and unregulated fishing and an aquaculture masterplan.	Various sectors have been earmarked by the Government for development as described on the website of the Economic Development Board (EDB) and these are fishing, seafood and aquaculture; Seaport-related activities (Investment opportunities in establishing regional trans-shipment base, bunkering, petroleum storage for re-export, ship building, repairs and allied services, ship supply and chandling, ballast water treatment, ship waste treatment, home porting for cruise lines and ancillary services to vessels and the cruise industry); marine services including marine ICT, marine finance and marine biotech; deep sea-water applications*; game changer industries and oil and gas support sector. In the budget 2018-2019, it was announced that an Ocean Economy Unit will be set up with the responsibility of preparing a National Ocean Policy Paper.
Mozambique	The Mozambique Policy and Strategy of the Sea (POLMAR) was developed in 2017 to serve several objectives including the development of a blue economy.	POLMAR is built around 7 pillars which are: (i) Governance and legal framework (ii) Inter-institutional coordination (iii) Marine and coastal environment (iv) Economic development (v) Territorial development (vi) Human capital development and (vii) International cooperation. The document indicates that the Government will establish policy directions in the following areas: (i) ports and infrastructure (ii) maritime transport and shipping industry (iii) fisheries and aquaculture (iv) culture, tourism and sports (v) minerals and hydrocarbons and (vi) energy.
Seychelles	The Seychelles Blue Economy Strategic Policy Framework and Roadmap: Charting the Future (2018-2030).	The Framework is built around 4 key strategic priorities for action and investment that are: 1. Creating sustainable wealth based on diversification of existing ocean-based sectors (fisheries, tourism, ports) focusing on value addition, value chains, quality not quantity; sustainability credentials and good practice and exploring new and emerging sectors (mariculture, renewable energy, biotechnology, digital connectivity, trade) focusing on establishing the policy setting, feasibility and pilot projects 2. Sharing prosperity 3. Securing healthy and productive oceans and 4. Strengthening the enabling environment.

* According to the EDB website, “The Deep Ocean Water Application (DOWA) leverages the natural characteristics of nutrient rich, cold deep-ocean water for the development of high value-added commercial activities supported by new technologies and industrial know-how. These activities range from Sea Water Air Conditioning (SWAC), Green Data Centres, high-end aquaculture, pharmaceuticals, and thalassotherapy, among others”.

See <https://www.edbmauritius.org/opportunities/ocean-economy/>.

		Results sought (as stated in the framework) include: Increased investment in diversification of existing ocean-based economic sectors (particularly fisheries, tourism and ports); Exploration and feasibility of new and emerging maritime sectors (for example marine-based aquaculture, renewable energy, offshore petroleum and marine biotechnology); New research, innovation and generation of knowledge about Seychelles' ocean space, resources and management needs; Improved prevention of ocean/blue economy risks including illegal, unreported and unregulated (IUU) fishing, marine pollution and climate change through integrated approaches to effective regional cooperation on maritime security.
South Africa	Operation Phakisa-South Africa's Blue Economy Strategy was launched in 2014.	The strategy is based on the following critical areas: marine transport and manufacturing; offshore oil and gas exploration; aquaculture; marine protection services and ocean governance; small harbors development; and coastal and marine tourism. It is based on a results-driven approach to development, involving various sectors such as business, labor, academia, civil society and government. It is intended for different sectors to work together to develop delivery action plans, set targets, and provide on-going monitoring. It is to be driven by two enablers: skills and capacity building and research, technology and innovation.

Sources: See endnotes^{6,7,8,9,10}

INTEGRATING BLUE ECONOMY IN TRADE STRATEGIES

Table 3 shows that a broad-based Blue economy is weakly integrated in the trade strategies of these countries in the South West Indian Ocean. Implementing Blue economy-based trade strategies (encompassing both blue economy goods and services) will be critical in operationalising the Blue economy concept.

Comoros sources 81 percent of its merchandise exports from spices and essential oils, perfume and flavour materials. Among the top six merchandise exports, the only Blue

economy-based goods are “Ships, boats & floating structures” and “Fish, fresh (live or dead), chilled or frozen” for a mere combined 4.6 percent. Madagascar merchandise exports are dominated by spices, nickel, and textiles and apparel. Its top Blue economy-based export product consists of “Crustaceans, mollusks and aquatic invertebrates” for a share of 3.5 percent of total goods exports. Yet the immense maritime potential of Madagascar has been brought to the fore as it is considered to be among the top 5 African countries in terms of blue economy potential, along with Kenya, Nigeria, Somalia and South Africa.¹¹

Table 3: Trade profiles of Comoros, Madagascar, Mauritius, Mozambique, Seychelles and South Africa

Country	Goods in top 50 per cent of merchandise exports (average for 2015-2018)		Services in top 50 per cent of services exports (average for 2015-2016)	
	World Exports	Shares in total (%)	World Exports	Shares in total (%)
Comoros	Spices.	62.7	Travel services	64.0
Madagascar	Spices; Nickel; Articles of apparel, of textile fabrics, n.e.s.; Men's clothing of textile fabrics, not knitted.	54.2	Travel services	61.5
Mauritius	Fish, aqua. invertebrates, prepared, preserved, n.e.s.; Men's clothing of textile fabrics, not knitted; Articles of apparel, of textile fabrics, n.e.s.; Sugar, molasses and honey; Fish, fresh (live or dead), chilled or frozen; Telecommunication equipment, n.e.s.; & parts, n.e.s.	54.1	Travel services	54.0
Mozambique	Aluminium; Coal, whether or not pulverized, not agglomerated; Coke & semi-cokes of coal, lign., peat; retort carbon; Natural gas, whether or not liquefied.	55.0	Transport services	60.2
Seychelles	Fish, aqua. invertebrates, prepared, preserved, n.e.s.; Fish, fresh (live or dead), chilled or frozen; Petroleum oils or bituminous minerals > 70 % oil; Ships, boats & floating structures.	85.3	Travel services; <i>plus</i> technical, trade-related and other business services	73.5
South Africa	Silver, platinum, other metals of the platinum group; Motor vehicles for the transport of persons; Coal, whether or not pulverized, not agglomerated; Gold, non-monetary (excluding gold ores and concentrates); Ores and concentrates of base metals, n.e.s; Iron ore and concentrates; Pig iron & spiegeleisen, sponge iron, powder & granu; Fruits and nuts (excluding oil nuts), fresh or dried; Motor vehic. for transport of goods, special purpo; Petroleum oils or bituminous minerals > 70 % oil; Pearls, precious & semi-precious stones.	54.3	Travel services	54.0

Source: Author's own, based on UNCTADStats¹² (accessed April 28, 2020). Note: From UNCTADStat, services as a category is decomposed into transport, travel and other services. The latter includes other business services such as Technical, trade-related, and other business services.

Mauritius is the only country, other than the Seychelles, whose top merchandise exports is a blue economy-based product—i.e., prepared and preserved fish. It has three blue economy-based products among its top 10 exports, the other two being unprepared fish (5.8 percent) and pearls (3.8 percent). Mozambique is primarily a mineral exporter. Its top blue economy-based products are offshore oil and natural gas which figure in its top 4 exports, followed by pearls (2.2 per cent). South Africa has a diversified merchandise export base in terms of lines of products but dominated by mineral exports. Its top 2 blue export products consist of “Petroleum oils or bituminous minerals > 70 % oil” (offshore component) and “Pearls, precious & semi-precious stones”, the latter accounting for only 2.3 percent of merchandise exports. The Seychelles is the only truly blue economy-based export economy, with prepared and unprepared fish accounting for 64.2 percent of its exports and with four blue products in its top four exports accounting for 85.3 percent of total.

The potential for blue economy-based industrial processing remains largely unexploited, even more so in countries such as Comoros, Mauritius and the Seychelles where trade in services occupy respectively, 72, 54 and 66 percent of total trade revenues. Blue economy-based industrial processing has yet to carve its place in national and regional industrial policies. The development of canned tuna processing in Seychelles is an example of a successful case, but other blue industrial sectors have the potential to be developed, including cosmetics products and

other processed seafood products. This will require addressing constraints such as infrastructure, finance, human and physical capital and technical know-how.

Exports of services account for less than 16 percent^e of total export revenues in Mozambique and South Africa. In terms of blue services exports, travel services predominate in most countries and yet marine-based tourism remains still largely unexploited in Comoros, Madagascar, and Mozambique. Sea transport services are also under-exploited in Comoros, Madagascar, and Mauritius, where it occupies a negligible share of total trade in services exports and could benefit from a coordinated regional approach. Intra-island sea transport services in the Indian Ocean, for instance, can contribute to intra-regional trade in the region. The development of maritime-based trade among Indian Ocean Commission (IOC) islands, through a coordinated development of maritime-based transport services, is a priority that has been identified in the latest IOC Blue Economy Regional Action Plan. There are significant opportunities to leverage Blue economy to accrue gains from trade and deepen integration of these countries in global and regional trade, once the related constraints are addressed.

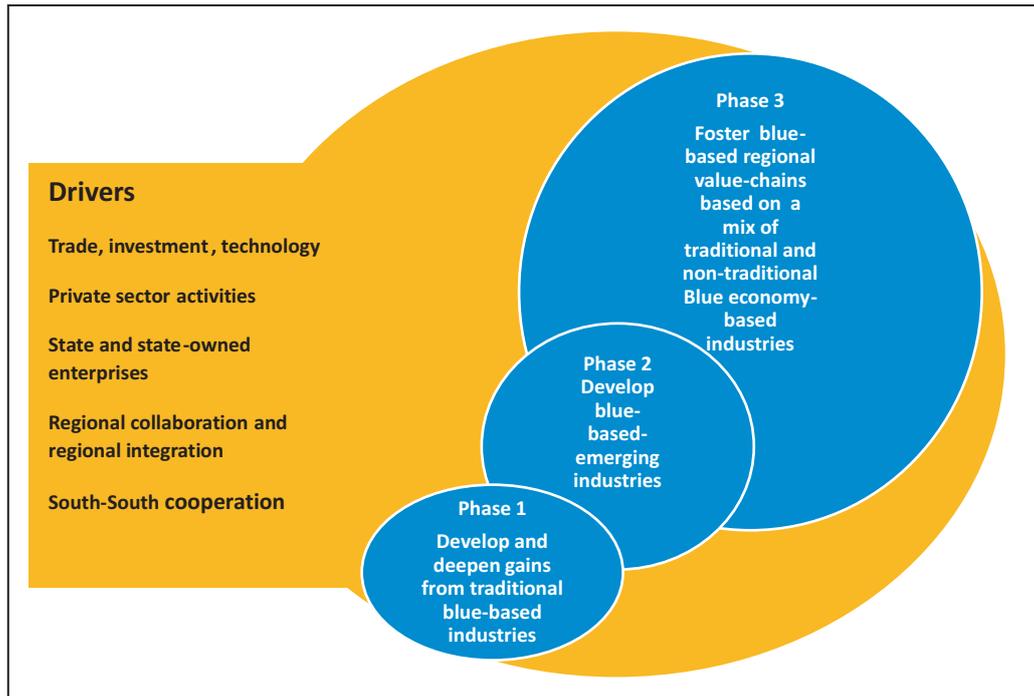
FROM RHETORIC TO ACTION

Gradual, phased implementation

The Blue economy agenda tends to be highly ambitious, and implementation in the face of limited resources and capacity constraints

^e All trade in services figures refer to averages for 2015 and 2016 from UNCTADStat.

Figure 2: Phases in Blue Economy Implementation



Source: Author's own

should aim at prioritising actions. A gradual and phased approach in implementation should be considered where in **Phase 1**, policies and incentives are aimed at deepening gains from traditional/conventional marine-based industries (e.g. fisheries, aquaculture and marine-based food processing, transport including ship registration, ports and related services such as dredging, ship-building and repair, and marine-based tourism¹³) and foster regional collaboration in these areas. **Phase 2** can follow where policies, incentives and regional and South-South collaboration are geared towards fostering the emergence of non-traditional industries in the region (marine aquaculture, deep-water oil and gas exploration and drilling, offshore wind energy, and DOWA including ocean renewable energy, marine and seabed mining, marine biotechnology, and high-tech marine products and services¹⁴). **Phase 3** will then intensify the creation of blue-based regional value-chains

that integrate traditional and non-traditional industries (See Figure 2). Such phased approach will allow countries to reap economic benefits of low-hanging fruits such as tourism, fisheries and aquaculture in Phase 1—these can generate resources to finance ocean-based R&D and building of marine infrastructure for the subsequent phases.

Key drivers of Blue economy implementation

The implementation of Blue economy-based strategies will rest on a set of drivers (see Figure 2) that includes harnessing trade, investments, and technology. Public and private investments in blue-based infrastructure and facilities (e.g. seaports and docks, sea-based resorts, refrigeration for handling fresh marine produce, coastal infrastructure and infrastructure to protect blue resources) are prerequisites for reaping

the benefits of the blue economy while export-led strategies can raise the profitability of such investments, open up markets for private firms, and generate higher levels of investments for sectoral growth.

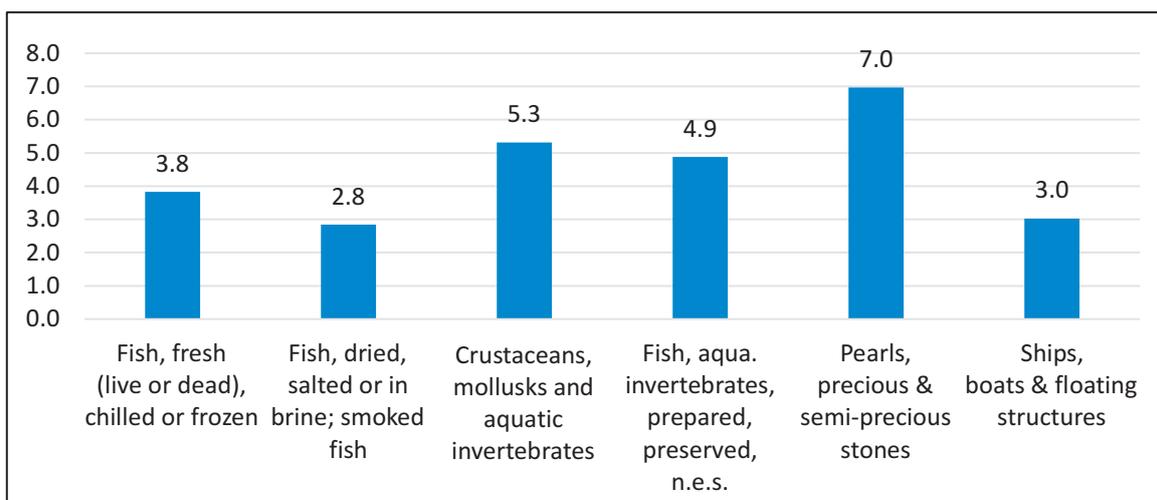
Africa currently accounts for only three to seven percent of the global market for many blue products and can raise its share in the world markets (see Figure 3a). Investments in technology adapted to the blue sector are needed to raise productivity of blue economy-based SMEs. To monitor progress in implementation, blue-economy national accounting and statistical frameworks have to be established, akin to tourism satellite accounts to measure and track the *direct* and *indirect* contributions of blue economy-based products and sectors to the national and regional economy.

The roles of different actors in the implementation of the Blue economy have to be assessed and re-evaluated across the

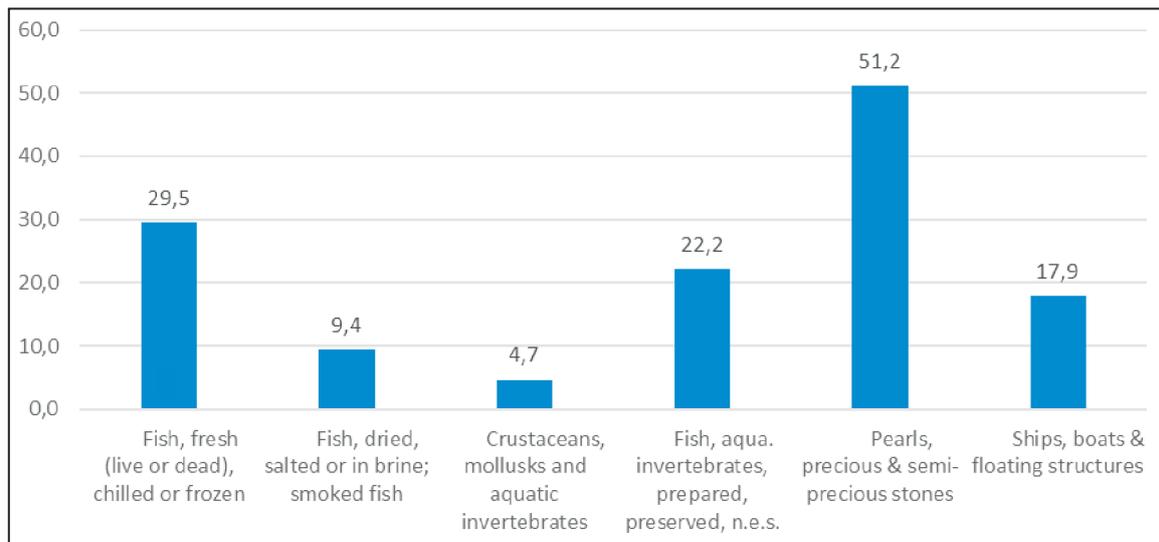
different phases. Governments, besides providing policy, legal and regulatory frameworks and incentives to attract private sector to invest in the blue industries, could in some sectors, play a more proactive role to kickstart a given industry. This can involve the setting up of development-oriented state-owned enterprises (SOEs) to support blue economy sectors or equity investments by the State in private businesses. Chile's 'Fundacion Chile', for instance, played an instrumental role in developing the salmon farming industry in that country.¹⁵ SOEs, however, must be properly governed through transparency and accountability mechanisms.

The private sector should ultimately be the main actor driving the blue economy development process in Africa, including in the South West Indian Ocean countries. Strengthening capacities in blue-based entrepreneurship is a lengthy process that can be supported through South-South cooperation.^f India-Africa cooperation could

Figure 3a: Africa's share of global exports in selected marine products (2018, in %)



^f For example, the setting up of local firms through joint ventures with firms from the Global South, fostering exchanges of expertise among firms in the Global South, and promoting South-South preferential trade in blue economy.

Figure 3b: Share of intra-African exports in total exports in selected marine products (2018, in %)

Source: Author's own, using data from UNCTADStats.¹⁶

encompass setting up joint business ventures between their firms in the Blue economy-based industrial processing of marine products for exports to other markets.

Fostering regional collaboration and regional integration (regional trade and investment) among African countries, including in the South West Indian Ocean will be critical for driving growth for the blue economy. As discussed earlier, regional collaboration can be harnessed to promote ocean-based good governance in areas such as environmental protection of the regional marine commons; maritime surveillance to guard against the pillage of marine resources; and the mitigation of climate change impacts on marine resources such as coral reefs. The entry into force of the African Continental Free Trade Area (AfCFTA) should be viewed by South West Indian Ocean states as an

opportunity to develop regional value chains in marine-based products.^g

Improving intra-African regional trade in marine-based products can increase the gains from trade for African countries and promote competitiveness for the blue economy sector. Figures 3a and 3b show that while Africa's share of exports in the global market for marine products (excluding oil and gas) tends to be in the low range of three to seven percent, its share of exports in the African market is much higher. Intra-African trade is more blue economy-intensive than Africa's blue economy trade with the rest of the world. Regional markets can be an avenue to deepen Africa's sustainable utilisation of its blue resources. The creation of regional institutions (e.g. a Regional Centre of Excellence on Blue economy in the Indian Ocean, a Regional Oceanographic Institute) could boost regional

^g Examples of these value-chains include the industrial processing of seafood and recycling of waste for animal feed, gastronomy cuisine based on fresh seafood as part of tourism development, the commercialisation of marine-based cosmetic products and refining of regionally drilled oil and gas.

cooperation on Blue economy in the South West Indian Ocean.

EXAMPLES OF ENTRY POINTS IN PHASE 1

There is scope for African countries to accelerate the implementation of their Blue economy strategies by deepening development gains from traditional blue-based industries and fostering inter-sectoral linkages through blue-based value chains—for example, between ocean-based tourism and the local seafood and water-based recreational sectors to reduce import leakages in the tourism sector. Blue-based tourism, though well developed in some African countries such as Mauritius, Seychelles and South Africa, needs to be nurtured in other countries such as Comoros, Madagascar and Mozambique. Multi-destination packages targeting different tourism market segments and regional tourism development can be promoted.¹⁷ Even tourism-intensive economies, such as Mauritius and the Seychelles, can derive benefits from marine-based tourism by promoting local content across the tourism value chain to reduce import leakages.

Ocean-based R&D should be promoted in Phase 1 to accelerate the emergence of non-traditional industries in Phase 2. An R&D consortium on blue economy, gathering research institutions from different countries of the South West Indian Ocean and South-South partners, are examples of the type of multi-stakeholder partnerships that could drive the Blue economy agenda forward. Ports and ports facilities should be developed to facilitate maritime-based trade, reduce

transport and logistical costs, and improve the export competitiveness of blue products. These will also support the development of freeport, transport, and port-related services, which are blue-economy sectors in their own right.

Djibouti is an example of an African country that has positioned itself as a transport hub, linking landlocked countries such as Ethiopia to the sea and onward to global markets (Djibouti-Ethiopia transport corridor). Mozambique has the potential to fulfill such a role in the South West Indian Ocean, linking Southern African landlocked countries to global markets through transport corridors. Mauritius and Madagascar could also serve as transit hubs along blue economy trade routes between Southern Africa, the rest of the IOC, and onward to Asia and Australia. This will necessitate large-scale investments in port-related infrastructure that can be facilitated through international public-private partnerships. Mauritius has positioned itself with some degree of success as a freeport in the region, offering logistics and warehousing facilities that are readily available for the transshipment, consolidation, storage, and minor processing of goods for re-export.

CONCLUSION

The Blue economy has been described as the “new frontier of African Renaissance”.¹⁸ Its potential for catalysing socio-economic growth, increasing incomes, and generating employment in Africa is widely extolled in the media, economic reports and in international development circles. The potential for South-South cooperation to kickstart blue economy growth in Africa and in the South West Indian

Ocean region through trade, investment, finance, technology and knowledge is also regularly highlighted. It has been reported, for instance, that Chinese investors have pledged some US\$ 2.7 billion to invest in Madagascar in projects like shipyards, fisheries and aquaculture.¹⁹ In practice, however, the actual economic benefits from the blue economy are waiting to be scaled up in many parts of Africa, including in the South West Indian Ocean. These countries should address constraints in infrastructure, human capital and technical know-how, and operationalise the concept of ‘Blue economy’ nationally, regionally and continentally by adopting a gradual approach when implementing ambitious strategies and policies.

A gradual, phased approach should be considered where in **Phase 1**, policies and incentives are implemented to deepen gains from traditional or conventional marine-based industries. This can be followed by **Phase 2** where policies, incentives and regional and South-South collaboration are geared towards fostering the emergence of non-traditional industries in the region. **Phase 3** can focus on intensifying the creation of blue-based regional value chains that integrate traditional and non-traditional industries.

Strategic entry points should be identified when implementing blue economy-based strategies and policies nationally and regionally. Such entry points can relate to the development of ports, developing tourism while strengthening linkages with other sectors, harnessing the African Continental Free Trade Area (AfCFTA) to develop regional value-chains in blue products, and fostering blue-based R&D, all of which can be driven by a mix of public and private sector engagement and supported by South-South cooperation. Additionally, the development of blue-economy sectors can be better integrated in trade and industrial development strategies and policies.

The development of blue economy in Africa can allow the countries to claim economic sovereignty over their seas and oceans as they exercise political sovereignty over these. It will also allow them to harness their marine resources to generate revenues to finance the continent’s much needed development. However, blue economy-based strategies and policies have to encompass a range of complementary measures that involves regional and South-South collaboration, in areas such as joint maritime security and surveillance, environmental conservation, joint exploration of marine areas, and research and development on marine-based products. 

ABOUT THE AUTHOR

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ENDNOTES

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