

UNDP Associate Administrator Usha Rao-Monari's statement [9 min]

UN Ocean Conference, Interactive Dialogue #5 "Promoting and strengthening sustainable ocean-based economies, in particular for small island developing States and least developed countries"

28 June 2022, 10 am – 1 pm

Excellencies, Distinguished delegates, Ladies and Gentlemen,

The overall ocean economy – shipping, fisheries and aquaculture, coastal tourism, oil and gas and mineral exploitation – contributes around \$2.5 to \$3 trillion per year to the global GDP.

Yet when you sum up the socioeconomic costs of ocean mismanagement, from overfishing at about \$84 billion per year¹ to nutrient pollution at \$200 billion per year² to invasive species at \$100 billion³ per year, the price tag quickly approaches \$1 trillion per year or more.

These massive socioeconomic losses translate to fewer jobs and livelihoods, reduced exports and government taxation revenue, and a lower contribution of the blue economy to SIDS and other coastal countries GDP.

UNDP defines the blue economy as the sustainable use of ocean resources for economic growth, jobs and social and financial inclusion, with a focus on protection as well as restoration of ocean ecosystems. The latter is particularly important.

Protecting and restoring oceans

Prioritizing investment in the protection and restoration of ocean and coastal ecosystems is critical for SIDS and coastal LDCs to regain often significant lost value and services, and to realize the full potential of their blue economies.

SIDS and coastal LDCs in particular need technical and financial assistance and capacity-building in a wide range of ocean management tools and approaches, such as fisheries monitoring compliance and surveillance, Marine Spatial Planning, establishment of effectively managed and financially sustainable Marine Protected Areas, and marine pollution control.

¹ The Sunken Billions Revisited, FAO/WB, 2017

² Catalysing Ocean Finance UNDP, 2012

³ GloBallast Partnerships programme, GEF/UNDP/IMO, 2007

- **UNDP is a long-standing partner of⁴ the 14 Pacific Island SIDS and mandated regional organizations** such as the Forum Fisheries Agency and the Pacific Community. Through a series of GEF-financed investments, since the late 90s, the West and Central Pacific has moved their tuna fishery -- the world's largest at about 60% of global catch -- to 100% sustainability of all 4 fished stocks since 2019. Ownership of the tuna stocks by Pacific Island fishing fleets has increased to about half the total catch, Pacific Island tuna exports have doubled to nearly \$1 billion per year, and some 12,000 new jobs have been created for Pacific Islanders in the sector. Significant investment in robust fisheries compliance monitoring and enforcement have reduced Illegal, Unreported and Unregulated (IUU) fishing⁵ in the region to only 6.5%, two thirds lower than the global average for IUU. Through the Nauru Agreement, 8 Pacific Island nations auction fishing vessel days and net as much as \$500 million per year.

Realizing the full potential of the blue economy

But there are also selected 'new and additional' areas of economic activity that SIDS and LDCs can explore.

This starts with coming to a full understanding of both their actual and potential ocean economy -- via the conduct of blue economy diagnostics assessments that identify and quantify the full spectrum of ocean-related economic activity, flag new sectoral uses with potential for growth and attracting private capital, and ultimately inform the multi-stakeholder development of national blue economy plans.

Some countries for instance are starting to introduce sectors already existing elsewhere, but so far uncommon in their territories.

- Look to **Comoros**, where a new GEF financed project supporting the 7 Atlantic, Indian Ocean, and South China Seas (AIS) SIDS towards realizing their blue economies will support the creation of a local aquaculture industry.

Cutting-edge sectors such as ocean-based energy and marine genetic resources may offer additional opportunities; these both may have high start-up and investment costs underscoring the need for SIDS and LDCs to be pragmatic and realistic in their ambitions.

⁴ GEF/UNDP/FFA The Pacific Oceanic Fisheries Management Story, 2021

⁵ The Quantification of Illegal, Unreported and Unregulated (IUU) Fishing in the Pacific Islands Region – a 2020 Update, Forum Fisheries Agency, 2021

SIDS and LDCs also need support in removing barriers to private investment -- such as long, bureaucratic business creation regulations -- and putting in place innovative financial instruments, from blue bonds to debt for nature swaps to blue carbon finance. SIDS present a unique context and face common challenges -- remoteness, small populations, narrow fiscal space, and over-reliance on few economic sectors -- which the pandemic has exacerbated, yet most of them are still not eligible for concessional financing due to their classification as middle or high-income countries.

In response to calls from SIDS for reassessing their eligibility for concessional finance beyond income level and adequately capturing the vulnerability they face, UNDP has developed a Multidimensional Vulnerability Index (MVI)⁶ that reflects traditional as well as emerging risks facing not only SIDS but all developing countries. Our analysis clearly shows that most SIDS are far more vulnerable than their income level alone would suggest; a simulation comparing SIDS to LDCs further demonstrated that, if the MVI were used as a financing criterion (rather than just income per capita), SIDS on average would save 1.5% of their GDP per annum in interest payments.

Last, ocean and land-based policy, regulatory and institutional reform and development are essential ingredients towards helping SIDS and LDCs realize their blue economy ambitions. In UNDP's experience, from reversing the Black Sea's enormous dead zone, to sustaining the Pacific's tuna fishery, to controlling ship-mediated invasive species, the introduction and effective implementation and enforcement of enhanced regulatory regimes, at global, regional and national levels, has been instrumental towards the protection and restoration of marine ecosystems and the recovery or maintenance of the billions they provide in socioeconomic goods and services.

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Coastal countries need to ensure that their regulatory frameworks pertaining to business creation, innovation and both internal and external investment, do not create barriers to the advancement of the blue economy. This is essential if SIDS and coastal LDCs want to realize the potential 'new and additional' blue economy opportunities their marine space may present, be it coastal aquaculture, ocean-based energy, blue carbon, marine genetic resources or other opportunities -- and preserve the health of our ocean.

Thank you.

⁶ Towards a Multi-Dimensional Poverty Index, UNDP, 2021