



Tourist boats next to coral reefs. Credit: Irina, Adobe Stock.

4

# Sustainable blue economy and international cooperation in island jurisdictions and regions: a focus on financing

## ABSTRACT

*Island jurisdictions were leading voices in presenting and advocating the concept of a 'blue economy' to the international community which was realized and emerged from the Rio+20*



**ANDREW HALLIDAY**

Andrew Halliday is a PhD student in the Interdisciplinary Studies program at the University of New Brunswick (Saint John) located in New Brunswick, Canada.

*Conference in 2012, including the later establishment of a specific sustainable development goal for the marine environment with the 2015 Sustainable Development Goals (SDGs). The blue economy, while suffering from varying definitions and interpretations, centres on the marine environment which is also at the core of island societies and economies. It also complements the ‘green economy’ paradigm, which focuses on a continental viewpoint of a terrestrial economy, with both being grounded in the three entwined pillars of sustainable development: the environment, economy, and society. This chapter investigates the financing aspect of operationalizing the blue economy in island states. These new development pathways in islands face many roadblocks which we need to consider. This chapter examines recent financing efforts in both the global and regional arenas which are attempting to chart a course towards international cooperation in operationalizing the blue economy. A systematized review of grey literature, media coverage, and policy statements pertaining to island states, the international community, and blue economy funding mechanisms and programs is employed, alongside yearly real GDP growth from the International Monetary Fund for the period 2018–2023 to understand the fiscal impacts of the coronavirus on island states. This chapter finds that in this new endemic COVID-19 reality, the global momentum garnered by the blue economy paradigm prior to the onset of the pandemic is threatened by the challenging global economic conditions and emerging issues of international disharmony. In operationalizing the blue economy securing climate finance, specifically ‘blue finance,’ for these marine-based climate actions is key. There has been numerous policy actions and interventions undertaken to structure and enable the injection of blue economy capital. However, there remains a large gap in implementing actions and dispersing much-needed capital to island jurisdictions.*



H. E. Mr. Peter Thomson. Source: International Maritime Organization.

As island nations, we are uniquely dependent on our oceans, our fisheries, and our corals—here we are not ‘small island’ nations, but ‘large ocean’ nations. A central pillar of the Rio Plus 20 outcome must focus on not just a possible ‘green economy’ but also a ‘blue economy,’ as Rio must strongly emphasize the importance of conservation, sustainable management and our related development aspirations in ocean and marine resources, including fish stocks and the protection of coral reefs.

- H. E. Mr. Peter Thomson, Ambassador and Permanent Representative of The Republic of the Fiji Islands to the United Nations, on behalf of the Alliance of Small Island States (AOSIS) during the Opening Session of the Preparatory Committee Meeting of the Commission on Sustainable Development, New York, 07 March 2011 (in 2017 Mr. Thomson was appointed United Nations Secretary-General’s Special Envoy for the Ocean and currently serves in this role).

## INTRODUCTION

Large ocean nations (also referred to as Small Island Developing States or SIDS) were leading voices in presenting and advocating the concept of a blue economy to the international community, including the establishment of a standalone sustainable development goal for the marine environment. The blue economy concept emerged from Rio+20 in 2012. Coastal and island states were at the forefront of advocating strongly for the concept of a blue economy to complement the green economy paradigm. The green economy focuses on a continental viewpoint of a terrestrial economy which is principled on the three pillars of sustainable development: the sustainability of the environment, economy, and society. It was a primary outcome of the Rio+20 conference, which called for a green economy “in the context of sustainable development and poverty eradication, alongside the introduction of the blue economy ideal advanced by island states” (United Nations, 2012). The United Nations mapped out the blue economy paradigm in releasing their Blue Economy Concept Paper (2014) which states:

*The importance of marine and coastal resources to SIDS is evident, and has been elaborated in numerous international fora. The Blue Economy, however, offers the potential for SIDS to alleviate one of their defining obstacles to sustainable development; namely that of a narrow resource base. The remarkable per capita marine resource area enjoyed by many SIDS means that the Blue Economy approach offers the prospect of sustained, environmentally-sound, socially inclusive economic growth. SIDS must prepare now in order to position themselves properly to realise the optimal benefits for their sustainable development from the coming blue revolution.*

However, despite this initial description, the blue economy concept continues to face varying definitions and interpretations from stakeholders, states, and institutional actors (Smith-Godfrey, 2016; Voyer et al., 2018). This recognition and conceptualizing of the blue economy had led to further international emphasis being placed on supporting large ocean and coastal states in advancing their capacities to support and manage their maritime jurisdiction for the betterment of their respective states. This momentum continued with the inclusion in the 2015 Sustainable Development Goals (SDGs) of one focused specifically on Life Below Water. SDG 14 is to “[c]onserve and sustainably use the oceans, seas and marine resources for sustainable development” integrated alongside the other sixteen interlinked goals (United Nations, 2016).

Certainly, some progress has been made towards making this vision a reality, but in the endemic COVID-19 period, what is the current state of play? Firstly, how can island jurisdictions finance the significant investments required to implement and support the development of the blue economy in their respective jurisdictions? Secondly, given that access to financial capital and other resources has been a long-identified inhibitor for island and coastal jurisdictions seeking to undertake such a paradigm



Barbadian Prime Minister Mia Motley. Source: UNCTAD.

shift, how in today's realities of international conflict and unrest does this island priority compete to remain near the top of the global agenda? This chapter explores these two questions looking at recent efforts undertaken in this regard.

This chapter is structured into three main sections as follows. The first explores the existing literature around the blue economy with a focus on the existing literature regarding identified challenges such as governance and financing. In particular, the concept of climate financing is reviewed to see how it is defined with an emphasis on the blue economy and blue finance. The second section outlines a number of recent examples of global policy interventions such as policy frameworks and funding mechanisms and programs, primarily achieved via international cooperation, for blue finance, with a focus on small island developing states (SIDS) or large ocean states to achieve blue economy outcomes. Of special note is the Bridgetown Initiative as championed by Barbadian Prime Minister Mia Motley, which was publicly presented and widely discussed during the COP27 conference in 2022. The third section presents a discussion and analysis concerning how island states can enable the blue economy via leveraging the international community while also highlighting the challenging international climate in the current endemic reality of the COVID-19 virus. The chapter concludes with a summary of the current state-of-affairs highlighting some key observations about potential pathways forward for island states towards the realization of the blue economy.

## METHODS

The methodology for this chapter employed a systematized review of grey literature, media coverage, and policy statements pertaining to island states, the international community, and blue economy funding mechanisms and programs. A grey literature search plan was developed, covering the period 2018–2022, which incorporated different searching strategies including grey literature databases, customized Google searches and targeted websites. The use of these integrated strategies was done to minimize the risk of omitting relevant sources. To investigate the economic impact of the COVID-19 pandemic on island states, the yearly real GDP growth dataset from the International Monetary Fund (IMF) was utilized.

## ISLAND STATES AND BLUE ECONOMY CHALLENGES: GOVERNANCE, CLIMATE FINANCING, AND BLUE FINANCE

In 2011, during the lead up to Rio+20, submissions were made by representative island entities including the Alliance of Small Island States (AOSIS) and Pacific Small Island Developing States (PSIDS) seeking a marine-centric development paradigm. In her remarks on behalf of the PSIDS, Ambassador Marlene Moses (Permanent Representative of Nauru) remarked: “For the Pacific SIDS, the ‘green economy’ is in fact a ‘blue economy.’ (...) The Pacific SIDS would like to see Rio become a turning point in our commitment to protect and sustainably manage the world’s oceans in a way that provides equitable benefits to the people and nations relying on ocean resources as their primary source of development,” while also noting that the ocean was “the basis of our countries’ livelihoods, our security and our economies” (Moses, 2011). These sentiments were echoed Seychelles Ambassador Ronny Jumeau who told a UN Expert Group Meetings on Oceans, Seas and Sustainable Development regarding implementation and follow-up to Rio+20 that “SIDS certainly do not lack political will or innovative thinking: what we lack is capacity—technical, institutional, technological and *financial* [emphasis added]” (Jumeau, 2013).

**“SIDS CERTAINLY DO NOT lack political will or innovative thinking: what we lack is capacity—technical, institutional, technological and financial.**

- Ronny Jumeau,  
Seychelles Ambassador

Island states have continually pressed the international community to assist in building further capacity, which will strengthen the ability for these states to be more active participants in ensuring the implementation and enforcement of national, regional, and international governance instruments and the sustainable development of marine resources. As recent history has shown, despite the ratification of the United Nations Convention on the Law of the Sea (UNCLOS) in 1994, large ocean states continue to combat governance challenges and threats to their marine environments

such as illegal, unreported, and unregulated (IUU) fishing (Jumeau, 2013) and mid-ocean archipelagic states attempts to navigate UNCLOS' archipelagic sea lane regime (Halliday, 2013). Governance instruments such as UNCLOS require adherence and enforcement by the larger international community, while the large ocean states need time and assistance to build up their capacities. These challenge of international political will and cooperation around oceans' governance show up similarly in the ongoing development arc of the blue economy concept as well.

In the aftermath of the Rio+20 meetings, with the release of the 2014 UN Blue Economy Concept Paper and the 2015 release of the UN Sustainable Development Goals, several island states carried forward the momentum through the development and release of policy statements and documents on their respective blue economy approaches. These early mover states were some of the most vocal in advocating for the blue economy via international cooperation and included Mauritius (Cervigni & Scandizzo, 2017), Seychelles (Ministry of Finance, Trade and Blue Economy, 2015; Purvis, 2015; Government of Seychelles, 2018), and Grenada (Government of Grenada, 2016). Many of these policy actions readily identified key sectoral actions and necessary investments while also acknowledging key challenges around necessary external infusions of capital, specifically financial, as well as specialty skills and capacity building. The efforts of early movers were observed and challenges around political will, capacity gaps in marine sectors and governance and planning functions, and the importance of building the evidence base and utilizing information and communications technology were identified (Rustomjee, 2017). Also considered at that time was the need to "attract blue economy investments and infrastructure" and assistance in the international community to build capacity and fiscal supports (Rustomjee, 2017). Recent research has also cautioned to ensure that blue economy projects are aligning with the SDGs and positively contributing towards the mantra of sustainable development (Telesford, 2021).

### ***Climate financing and blue finance***

'Climate finance' has been defined as a "financial investment that aims to reduce and sequester GHG emissions and to assist both ecosystems and human systems to adapt to climate change" (Thomas et al., 2022). 'Blue finance' is a subset of climate finance which "offers tremendous opportunities and helps address pressing challenges by contributing to economic growth, improved livelihood, and the health of marine ecosystems" and has been defined as "investments dedicated to finance or refinance activities that contribute to oceans protection and/or improved water management" (International Finance Corporation, 2022). However, there is no consensus definition of 'blue finance' and it differs from 'green finance' owing to its ocean focus as opposed to being connected to environmental outcomes related to all of the SDGs (Shiiba, Wu,

Huang & Tanaka, 2022). ‘Blue finance’ is the key to the ocean economy (read blue economy) utilizing fiscal instruments such as ‘blue bonds’ and ‘blue loans’ (IFC, 2022). Debt investment models (bonds and loans) are not the only possible models identified for ‘blue finance’ as impact-only (grants or corporate social responsibility investment), equity (impact investing and seed or crowd financing), and hybrid options are other possibilities (Shiiba, Wu, Huang & Tanaka, 2022).

Marine-based climate action financing is a significant challenge for island states and others to secure and can be viewed as less attractive for potential investors than similar terrestrial-based opportunities (The Commonwealth, 2022a). A significant challenge which has been identified is a “lack of practical models that indicate how development aid drives regional and local economic cycles (Shiiba, Maekawa, Vegh & Virdin, 2022). Further, ocean climate projects are more complicated than terrestrial projects owing to accessibility and safety issues faced operating in an aquatic environment, issues of governance and ownership, diverse stakeholders and their respective values and viewpoints, and investment risk and uncertainty, all of which can increase the pressures on securing project financing (Thomas et al., 2022). Indeed, it is estimated that ocean-oriented projects represent less than two percent of current funding dispersed via the United Nations Framework Convention on Climate Change’s (UNFCCC) Green Climate Fund (The Commonwealth, 2022a). Despite this, recent research has shown a five-to-one return on investment over a thirty-year term for each dollar invested in the sustainable ocean economy (Gounder, 2022). Therefore, the conditions for a conducive investing environment in marine-based climate action are starting to coalesce.

However, island states (SIDS) can and do struggle with “high risk perception of investors and the limited size of possible transactions” alongside perceived remoteness from international markets and shipping lanes, and narrow participation in global supply chains (Organisation for Economic Co-operation and Development [OECD], 2022). Challenges are also found in creditworthiness for PSIDS attempting to go to capital markets and downgrades for ratings in the Caribbean island states owing to high debt levels (OECD, 2022). Recent analysis has confirmed that SIDS remain susceptible to high fiscal deficits and high levels of public debt, while also receiving much of their external finance via remittances and overseas development assistance (Forde-lone, Tortora and Xia, 2022). Further, SIDS own source revenue is “highly susceptible to external shocks, as witnessed in the current COVID-19 crisis” which was illustrated through “shocks to GDP growth, international tourism and commodity prices” which in turn, compounded with international funding challenges, removed and severely

**HOWEVER, ISLAND STATES (SIDS) can and do struggle with “high risk perception of investors and the limited size of possible transactions” alongside perceived remoteness from international markets and shipping lanes, and narrow participation in global supply chains (OECD, 2022).**

hampered the ability of national governments to respond to the economic impacts of the COVID-19 pandemic (Fordelone, Tortora & Xia, 2022). So, both domestic and international funding streams for island states have been negatively impacted for island states attempting to structure and operationalize their respective blue economies.

However, before getting too far into this year's actions and developments, it is important to provide some necessary context regarding recent efforts of international cooperation towards island states and their blue economy progress which resonate to present day.

### **BLUE FINANCING POLICY ACTIONS: FRAMEWORKS, FUNDING MECHANISMS & INTERNATIONAL COOPERATION**

Recent research examined international aid (public financing) for ocean conservation and climate action over a six-year period (2013–2019) and identified 306 projects, of which thirty-eight percent (n=107) worth \$891 million USD were targeted at SIDS (Shiiba, Maekawa, Vegh & Virdin, 2022). In this same period, total public financing rose from approximately \$580 million USD in 2013 to over \$3.5 billion USD in 2019 (Shiiba, Maekawa, Vegh & Virdin, 2022). This indicates some momentum being gained by blue finance during this time period and is demonstrated in a number of key initiatives launched in 2018 which I wish to highlight.

#### ***International policy actions 2018–2021***

The first is the Sustainable Blue Economy Finance Principles, which were developed collaboratively among the European Commission, World Wildlife Federation, the World Resources Institute, and the European Investment Bank (United Nations Environment Programme [UNEP], n.d.). These are a set of fourteen foundational principles and a standard which is hoped will allow “the financial industry to mainstream sustainability of ocean-based sectors (UNEP, n.d.).

**TABLE 1: Sustainable Blue Economy Finance Principles**

Protective	Compliant	Risk-aware	Systemic	Inclusive	Cooperative	Transparent
Purposeful	Impactful	Precautionary	Diversified	Solution-driven	Partnering	Science-led

The aim of the principles is to “promote the implementation of SDG 14 (Life Below Water), and set out ocean-specific standards, allowing the financial industry to mainstream the sustainability of ocean-based sectors” (UNEP, n.d.).

Secondly, also launched in 2018, was the High Level Panel for a Sustainable Ocean Economy (Ocean Panel) through the World Resources Institute with a goal of 100% sustainable management of ocean areas under national jurisdiction (Ocean Panel, 2022).





The United Nations initiated a Decade of Ocean Science for Sustainable Development (2021–2030). Source: UNESCO.

The Ocean Panel proudly notes that they are the sole ocean policy body constituted of “serving world leaders” and currently count their membership at seventeen heads-of-state including the United States, United Kingdom, and Canada, as well as island leaders from Jamaica, Japan, Indonesia, Fiji, and Palau (Ocean Panel, 2022).

A third initiative which has its roots in 2018 is the Commonwealth Blue Charter, which has ten thematic action groups aligned under it, including one focused on ‘Sustainable Blue Economy’ and championed by member states Antigua and Barbuda and Kenya (The Commonwealth, 2021). In 2022, a funding stream was set up under the Commonwealth Blue Charter termed the Project Incubator which is a single contact point for projects under any of the ten themes with the initial call opened during COP27 in Egypt (The Commonwealth, n.d.; The Commonwealth, 2022a). In September 2022, two Commonwealth island states, Trinidad & Tobago and Antigua & Barbuda were announced as trialing a new methodology of a ‘Rapid Readiness Assessment’ (RRA) coordinated under the Commonwealth Blue Charter programme taking several factors, including sustainable financing, into consideration (The Commonwealth, 2022b). This new RRA process serves as the first step in acquainting these states with

the UNEP Sustainable Blue Economy Transition Framework (SBE-TF) (The Commonwealth, 2022b).

Fourthly, moving into 2021, the United Nations initiated a Decade of Ocean Science for Sustainable Development (2021–2030) as a “convening framework” for a wide range of stakeholders to drive forward research and solutions tied to the 2030 Agenda (UNESCO, 2022). This impetus seeks to draw the attention of the international community to the importance of the Oceans for implementing and achieving the 2030 Agenda. All these highlighted actions of international cooperation carry through and are part of the foundation upon which this year’s efforts have been built.

Fifthly, in June of the same year at the G7 Leader’s Summit in Cornwall, United Kingdom, then United Kingdom Prime Minister Boris Johnson announced the creation of a GBP 500 million Blue Planet Fund which aims to assist developing countries in marine and coastal environmental protection and poverty reduction, with critics noting that this announcement tied back to a 2019 election commitment and included no new monies (Harvey & Helm, 2021). This fund is set to run for five years and is divided amongst a number of programming initiatives. A portion of this funding was provided to Friends of Ocean Action, an entity of the World Economic Forum (WEF), and the Organisation for Economic Co-operation and Development (OECD) to establish Blue Recovery Hubs for states impacted by COVID-19 to “rebuild their ocean economies in a sustainable way” (UK Government, 2022; Friends of Ocean Action, n.d.). These Blue Recovery Hubs promise assistance in: “(i) the analysis of the impacts of the COVID-19 pandemic on their ocean economies, (ii) the identification of recovery actions and investment pathways to ‘Build Forward Blue,’ and (iii) mobilising support and funding and aligning development cooperation, investors and other actors around the implementation of recovery actions and investment priorities” (Friends of Ocean Action, n.d.).

### **International policy actions 2022**

In 2022, the state of Fiji was selected as the first pilot Blue Recovery Hub, and their strategic report entitled “Towards a Blue Recovery in Fiji” was released at the 2022 UN Ocean Conference in Lisbon, Portugal, in late June (United Nations, 2022). This report focuses on sustainable tourism and fisheries, green shipping, and marine conservation as the path forward for Fiji (OECD, 2022). On the Writing for the World Economic Forum website, the Fijian Permanent Undersecretary for the Ministry of Economy stated that the next step is to “*understand the major limitations to investment [emphasis added]* and key opportunities to overcome barriers to growth” from areas of focus outlined in the report (Gounder, 2022).

Secondly, January 2022 saw the release by the International Finance Corporation (IFC), a member of the World Bank Group, of *Guidelines for Blue Finance: Guidance for*

*financing the Blue Economy, building on the Green Bond Principles and the Green Loan Principles* which will guide IFC investments in the blue economy and provide guidance, which they believe the market has been seeking, towards guidelines and best practices for blue lending and blue bond issuances (IFC, 2022).

Thirdly, Barbados Prime Minister Mia Mottley brought forward a climate financing plan dubbed the ‘Bridgetown Initiative’ at the COP27 UN Climate Conference in Sharm el-Sheikh, Egypt, in November 2022. This plan is a refinement built upon the framework in a speech given by PM Mottley the prior year at COP26 in Glasgow (Osborn, 2022). This three-step plan seeks immediate emergency liquidity for states via the International Monetary Fund (IMF) and G20 through debt and interest relief and access to credit and financing facilities, expansion of multilateral lending to states by institutions such as the World Bank to \$1 trillion USD, and the establishment of new multilateral funding mechanisms with low-interest and long-terms to speed up private investment in the low carbon transition (Government of Barbados, 2022). One UN official, in an opinion piece for *Forbes*, distilled it down to “a vision of global finance that provides assistance following climate disasters, supports adaptation and mitigation efforts, and avoids crippling vulnerable countries with debt” (Carlin, 2022).

The efforts of PM Mottley and her officials have appeared to have borne fruit as the initiative received public comments of support from French President Emmanuel Macron and IMF Managing Director Kristalina Georgieva among others (Osborn, 2022). Perhaps crucially, the final decision document from the COP27

conference included a twelve clause section on Finance which included calls for multilateral development banks (MDBs) to “reform their practices and priorities, in order to reduce the cost of borrowing for climate projects in developing countries” and “significantly increase climate ambition using the breadth of their policy and financial instruments for greater results including on private capital mobilization,” as well as a clause “emphasiz[ing] that *accelerated financial support for developing countries from developed countries and other sources in a critical enabler to enhance mitigation action and address inequalities in access to finance* [emphasis added], including its costs, terms and conditions, and economic vulnerability to climate change for developing countries” (UNCC COP27, Clauses 51, 56, 58).

Fourthly, also released at COP27, by a multitude of international stakeholders fronted by Conservation International and including the Ocean Risk and Resilience Action Alliance (ORRAA), Friends of Ocean Action, and The Nature Conservancy, was the framework *High-Quality Blue Carbon Principles and Guidance: A triple-benefit*

**ONE UN OFFICIAL, IN AN opinion piece for *Forbes*, distilled it down to “a vision of global finance that provides assistance following climate disasters, supports adaptation and mitigation efforts, and avoids crippling vulnerable countries with debt” (Carlin, 2022).**

*investment for people, nature, and climate.* This guidance document seeks to set the parameters and guide the development of blue carbon projects presenting “a holistic vision for blue carbon” and “provide a pathway for stakeholders to deliver the best possible outcomes for people, nature, and climate” (Conservation International et al., 2022). This is a “first-of-a-kind blue carbon framework” which is built on five principles: safeguard nature, empower people, employ the best information and carbon accounting principles, operate contextually and locally, and mobilize high integrity capital (Conservation International, 2022).

Fifthly, around the same time as the COP27 conference in Egypt, the G20 leaders were also meeting in Bali, Indonesia. Under the Indonesian Presidency which utilized

**THIS IS A “FIRST-OF-A-KIND blue carbon framework” which is built on five principles: safeguard nature, empower people, employ the best information and carbon accounting principles, operate contextually and locally, and mobilize high integrity capital (Conservation International, 2022).**

a theme of “Recover Together, Recover Stronger” the leaders in their Leaders’ Declaration pledged their support for SIDS, writing: “At today’s critical moment for the global economy, it is essential that the G20 undertakes tangible, precise, swift and necessary actions, using all available policy tools, to address common challenges, including through international macro policy cooperation and concrete collaborations. In doing so, we remain committed to support developing countries, particularly the least developed and small island developing states, in responding to these global challenges and achieving the SDGs” (G20 Bali Leaders’ Declaration, paragraph 5, 2022).

Sixthly, likewise at this time, the Commonwealth released a new policy guide entitled “A Commonwealth Guide to Ocean Climate Finance” developed for government decision-makers and ocean advocates (Thomas et al., 2022). This guide seeks to provide a concentrated resource outlining different funding models and best practices for accessing ocean climate finance. In a survey of eleven island and non-island member states, a number of climate finance support needs were identified including “assistance in ensuring the financial viability of projects (including accessing co-financing), developing a climate finance strategy, navigating available funding opportunities and designing projects with clearly articulated climate-related risks and benefits (including monetising the public benefits of the project)” and “identifying social and environmental risks and reporting on safeguards,” as necessitated by funding bodies (Thomas et al., 2022).

Lastly, in December 2022, the UNEP released their second annual *State of Finance for Nature* report which “quantifies public and private finance flows to nature-based solutions (NbS) to tackle global challenges related to biodiversity loss, land degradation and climate change” charting progress against existing international frameworks and targets (UNEP, 2022b). UNEP defined ‘Nature-based solutions’ as “Actions

to protect, conserve, restore, sustainably use and manage natural or modified terrestrial, freshwater, coastal and marine ecosystems, which address social, economic and environmental challenges effectively and adaptively, while simultaneously providing human well-being, ecosystem services and resilience and biodiversity benefits (United Nations Environment Assembly 5 [UNEA-5]) (UNEP, 2022b). This report found that current investment in marine projects accounted for only nine percent of total investment (\$14 billion USD) with only one-third of this total (\$2.6 billion USD) coming from private sources (UNEP, 2022b). With the majority (\$1.5 billion USD) of this \$2.6 billion USD in private funding for marine projects going towards certified sustainable seafood supply chains, only \$1.1 billion USD globally came from impact investments, philanthropies, or private development finance. (UNEP, 2022b). Further, the earlier highlighted 91:9 funding ratio carries into funding for protected areas with \$980 million USD for marine protected areas as opposed to close to \$23 billion USD for land-based protected areas (UNEP, 2022a).

All of these policy interventions as presented in this section provide proof as to the efforts of international cooperation in the global arena to reengage and regain the momentum which the Blue Economy concept held prior to the COVID-19 pandemic. It also illustrates an apparent continuing deficiency in attaining the required levels of financing, especially so from the private sector, and the active dispersal of funds. Interestingly, in the case of PM Mottley and the ‘Bridgetown Initiative’ we see island states once again taking a leadership role in advocating for international institutional reforms in seeking to unlock much needed fiscal capital—a key theme over the lifespan of the Blue Economy concept.

### ***Regional collaboration and insights***

Regional efforts have always been key for island states in amplifying their positions in the international arena through employing a collective voice. As noted earlier in the chapter, the initial efforts of island states to champion the blue economy were focused lobbying, undertaken by regional entities PSIDS and AOSIS, amplifying the views of their island members via a stronger, collective voice.

However, island jurisdictions and their regional institutions are not immune to the challenge of differing interpretations of what the blue economy represents as noted earlier. Indeed, within the Caribbean Community (CARICOM), recent research has shown a lack of regional cooperation or shared understanding (Hassanali, 2020). Likewise, it has been argued that in the Pacific islands, the blue economy concept has been more of a political tool wielded by various regional institutions in the global arena and faces questions of applicability and suitability for the region from academia and civil society (Louey, 2022).

While this chapter has outlined several international policy interventions, the

engagement and collaboration at regional levels is seemingly still developing and evolving. Outstanding questions do remain in how island jurisdictions and regional island institutions can collaboratively agree on a blue economy construct while also being responsive and responsible to their own sectors, challenges, and electorate. The strength to date of the blue economy concept has been its malleability, but this strength is at times also very much a weakness.

### GLOBAL ECONOMIC CONDITIONS AND EMERGING ISSUES: FURTHER CHALLENGES TO ISLAND STATES, REGIONS, AND INTERNATIONAL COOPERATION

Efforts to realize the blue economy in island states have long been hindered by capacity challenges, most especially in getting access to ‘blue finance’ capital. It is abundantly clear that investment, and especially private investment, in blue economy projects must increase substantially in the coming years.

However, perhaps equally important, is ensuring the creation of strong governance structures and parameters which fosters an attractive investment climate in order to attract more public and private investment. As outlined above, research does show that the number of projects and levels of financing (albeit public sources) continued to grow, prior to the onset of the COVID-19 pandemic.

#### *Fiscal impact on island jurisdictions of COVID-19*

But the impact of COVID-19 on the economies of island jurisdictions was substantial with estimates of GDP contraction in 2020 ranging from 6.9% (OECD, 2021 in Forde-lone, Tortora and Xia, 2022) to 7.1% (Friends of Ocean Action, n.d.; Gounder, 2022) to 9% according to IMF projections (UNCTAD, 2021). In 2022, we see a bounce back for many island jurisdictions, but the fragility of the recovery is notable, with many jurisdictions yet to fully recover contractions in the previous years (see Table 2).

**TABLE 2: Select Island Jurisdictions—IMF Real GDP Growth Data 2018–2023 (IMF, 2022)**

REAL GDP GROWTH (ANNUAL PERCENT CHANGE)	2018	2019	2020	2021	2022	FORECAST 2023
Antigua and Barbuda	6.9	4.9	-20.2	5.3	6	5.6
Aruba	5.3	0.6	-18.6	17.2	4	2
Bahamas, The	1.8	1.9	-23.8	13.7	8	4.1
Barbados	-0.6	-1.3	-13.7	0.7	10.5	5
Cabo Verde	14.6	5.7	-14.8	7	4	4.8
Comoros	3.6	1.8	-0.3	2.2	3	3.4
Cyprus	5.7	5.3	-5	5.6	3.5	2.5

Dominica	3.5	5.5	-16.6	4.8	6	4.9
Dominican Republic	7	5.1	-6.7	12.3	5.3	4.5
Fiji	3.8	-0.6	-17	-5.1	12.5	6.9
Grenada	4.4	0.7	-13.8	5.6	3.6	3.6
Haiti	1.7	-1.7	-3.3	-1.8	-1.2	0.5
Hong Kong SAR, China	2.8	-1.7	-6.5	6.3	-0.8	3.9
Iceland	4.9	2.4	-6.8	4.4	5.1	2.9
Indonesia	5.2	5	-2.1	3.7	5.3	5
Ireland	8.5	5.4	6.2	13.6	9	4
Jamaica	1.8	1	-10	4.6	2.8	3
Japan	0.6	-0.4	-4.6	1.7	1.7	1.6
Kiribati	5.3	-0.5	-0.5	1.5	1	2.4
Macao SAR, China	6.5	-2.5	-54	18	-22.4	56.7
Maldives	8.1	6.9	-33.5	37	8.7	6.1
Malta	6.2	5.9	-8.3	10.3	6.2	3.3
Marshall Islands	3.1	6.8	-1.6	1.7	1.5	3.2
Mauritius	3.8	3	-14.9	4	6.1	5.4
Micronesia, Fed. States of	0.2	1.2	-1.8	-3.2	-0.6	2.9
Nauru	5.7	1	0.7	1.6	0.9	2
New Zealand	3.4	2.9	-2.1	5.6	2.3	1.9
Palau	0.1	0.4	-8.9	-13.4	-2.8	12.3
Papua New Guinea	-0.3	4.5	-3.5	1.2	3.8	5.1
Philippines	6.3	6.1	-9.5	5.7	6.5	5
Puerto Rico	-4.2	1.5	-3.9	2.7	4.8	0.4
Saint Kitts and Nevis	2.7	4.8	-14	-3.6	9.8	4.8
Saint Lucia	2.9	-0.7	-24.4	12.2	9.1	5.8
Saint Vincent and the Grenadines	3.1	0.4	-5.3	0.5	5	6
Samoa	-0.6	4.5	-3.1	-7.1	-5	4
Seychelles	3.2	3.1	-7.7	7.9	10.9	5.2
Singapore	3.7	1.1	-4.1	7.6	3	2.3
Solomon Islands	2.7	1.7	-3.4	-0.2	-4.5	2.6
Sri Lanka	2.3	-0.2	-3.5	3.3	-8.7	-3
São Tomé and Príncipe	3	2.2	3	1.9	1.4	2.6
Tonga	0.2	0.7	0.5	-2.7	-2	2.9
Trinidad and Tobago	-0.7	-0.2	-7.4	-0.7	4	3.5
Tuvalu	1.6	13.9	1	2.5	3	3.5
Vanuatu	2.9	3.2	-5.4	0.4	1.7	3.1
<b>AVERAGE</b>	<b>3.47</b>	<b>2.53</b>	<b>-8.94</b>	<b>4.47</b>	<b>3.00</b>	<b>4.96</b>

As Table 2 illustrates, there are some clear patterns which emerge from the data. Firstly, the contractions in 2020 can be related to the various travel restrictions and bans which were enacted in response to the pandemic. Those island economies which are heavily dependent upon international tourism, having market and metropole relations with those countries which instituted the toughest travel regimes, suffered the sharpest contractions. Secondly, large, more developed island countries and those as-

**THOSE ISLAND ECONOMIES which are heavily dependent upon international tourism, having market and metropole relations with those countries which instituted the toughest travel regimes, suffered the sharpest contractions.**

sociated with the European Union seemingly fair out better, as probably should be expected. Additionally, from a regional perspective, the Indian Ocean island states as well as small sovereign island states and subnational island jurisdictions within the Caribbean had difficult years in 2020 but are projected to mostly recover by the end of 2023. A most interesting case is that of the Maldives, which faced a contraction of over 33% in 2020, while rebounding with 37% growth in 2021, and strong above-average growth year-over-year forecast into 2023. This is inevitably tied to the Maldives geographic position and their ongoing focus

and reliance on international tourism with international tourism arrivals dropping from a record high of over 1.7 million in 2019 down to 555,000 in 2020 (World Tourism Organization, 2022). Lastly, many smaller PSIDS kept their toughen travel restrictions in place for a longer period which is reflected in their continued year-over-year GDP contraction into 2022, such as Micronesia, Palau, and the Solomon Islands. Thus, their economic recoveries are slated to take a little bit longer.

### *Emerging issues and events impacting the international agenda*

Alongside these continual COVID-19 challenges, there are ongoing international tensions and conflicts including the war in Ukraine causing supply chain challenges in sectors such as food and energy which once again are hurting many economies and causing inflationary pressures. This international instability and disharmony when coupled with the endemic nature of COVID-19 means that there is a strong risk to both international cooperation and ongoing efforts to maintain the blue economy and blue financing near the top of the global agenda.

There remain significant challenges in achieving blue economy development and outcomes. These challenges are found in both the conceptual understanding of what exactly is the blue economy as well as navigating both domestic and international agendas and securing tangible broad-based support most especially of a fiscal nature. This is further complicated as we globally adjust to the new endemic COVID-19 reality which has caused significant financial pressures on many states in both the developed and



developing worlds. Further waves of COVID-19 have the potential to cause public health and economic hardships. Perhaps unsurprisingly most governments are primarily looking inward and attempting to repair the economic damage and focusing their efforts on economic COVID-19 recovery for their own jurisdictions.

## CONCLUSIONS

International cooperation is vital to achieving positive blue economy outcomes for island states. There are significant challenges associated with access to capital, many of which have been outlined in the sections above. New development pathways in island states face many roadblocks which require careful charting and consideration. So, how can island jurisdictions finance the significant investments required to implement and support the development of the blue economy? The answer to this question remains the allocation and distribution of public and private capital directly to island jurisdictions. As this chapter has highlighted, the need for international investment and access to capital has been a constant throughout the development arc of the blue economy concept.

The year 2022 has seemingly been a step forward towards realizing the goal of operationalizing the blue economy for developing island states. Despite the negative economic impacts and challenges of COVID-19, it is important to remember that the numerous international frameworks, financing structures, models and funding mechanisms discussed in this chapter remain active and in place. However, as highlighted by Barbadian PM Mottley and other island leaders and institutions, it is only when that capital starts flowing that the true task of blue economy implementation can begin.

The previous sections also highlighted the fact that the matters of climate financing for island states are being maintained on the international agenda. Island states, such as Barbados, continue to advance the call for greater accessibility to climate finance, and specifically blue finance for island and developing states. Certain examples of programming highlight progress, while the larger question of sustainable and resourced financing pathways remains in public focus and international discussion. Unquestionably, these issues are being crowded on the international agenda, but the most telling aspect will be having the international community match actions and deeds to their words and commitments.

Operationalizing blue finance is ultimately a question of dollars being distributed. With the structures having been put into place, the onus is now on the international community and the private sector to start investing in island jurisdictions and the global blue economy. Island jurisdictions must continue to champion the blue economy, seeking action and accountability from larger, developed states in the international arena. Although accomplishments in developing frameworks, structures and models have been made, there remains a large gap in implementing actions. Until this is done, it is apparent that not much will change.

## REFERENCES

- Carlin, D. (2022). COP 27 Recap: The Good, The Bad, And What's Next After The Climate Conference. *Forbes*. 16 December, 2022. <https://www.forbes.com/sites/david-carlin/2022/12/16/cop-27-recap-the-good-the-bad-and-whats-next-after-the-climate-conference/?sh=3439d0bc2c99>.
- Cervigni, R., & Scandizzo, P. L. (Eds.) (2017). *The Ocean Economy in Mauritius: making it happen, making it last*. World Bank Group. <https://documents1.worldbank.org/curated/en/193931508851670744/pdf/120633-WP-PUBLIC-329p-Mauritius-text-10-20-17-web.pdf>
- Conservation International. (2022). Framework launched to guide the development of blue carbon projects and credits. 16 November 2022. Retrieved from: <https://climatechampions.unfccc.int/high-quality-blue-carbon-principles-and-guidance/>.
- Conservation International, Friends of Ocean Action, World Economic Forum, ORRAA, Salesforce, The Nature Conservancy and Meridian Institute. (2022). High-quality blue carbon principles and guidance: a triple-benefit investment for people, nature and climate. Retrieved from: [https://www3.weforum.org/docs/WEF\\_HC\\_Blue\\_Carbon\\_2022.pdf](https://www3.weforum.org/docs/WEF_HC_Blue_Carbon_2022.pdf).
- Fordelone, T. Y., Tortora, P. and Xia, J. (2022). Recovering from COVID-19: How to enhance domestic revenue mobilisation in small island developing states. *OECD Policy Responses to Coronavirus (COVID-19)*. 10 October 2022. <https://www.oecd.org/coronavirus/policy-responses/recovering-from-covid-19-how-to-enhance-domestic-revenue-mobilisation-in-small-island-developing-states-45f29680/>.
- Gounder, S. K. (2022). *Fiji's future is in the ocean and a sustainable blue economy*. (2022, June 30). World Economic Forum. <https://www.weforum.org/agenda/2022/06/the-futures-small-island-developing-states-like-fiji-lie-in-the-ocean-and-a-robust-blue-economy/>
- Government of Barbados. (2022) *The 2022 Bridgetown Initiative*. Ministry of Foreign Affairs and Foreign Trade. 8 November 2022. Retrieved from <https://www.foreign.gov.bb/the-2022-barbados-agenda/>.
- Government of Grenada. (2016). Grenada: Blue Growth Coastal Master Plan, The World Bank Group <https://clmeplus.org/app/uploads/2019/12/Grenada-Blue-Growth-Coastal-Master-Plan-World-Bank.pdf>
- Government of Seychelles. (2018). *Seychelles' Blue Economy Strategic Policy Framework and Roadmap: Charting the Future (2018–2030)*. <https://seymsp.com/wp-content/uploads/2018/05/CommonwealthSecretariat-12pp-RoadMap-Brochure.pdf>
- Halliday, A. (2013). *Archipelagic Matters: The case of the United Nations Convention on the Law of the Sea and the Republic of the Philippines*. [Master's thesis, University of Prince Edward Island].
- Harvey, F. and Helm, T. (2021). All hot air: UK commits to climate action but not to new funding. *The Guardian* (UK). 12 June 2021. <https://www.theguardian.com/environment/2021/jun/12/all-hot-air-uk-commits-to-climate-action-but-not-to-new-funding>.
- Hassanali, K. (2020). CARICOM and the blue economy—Multiple understandings and their implications for global engagement. *Marine policy*, 120, 104137.
- International Finance Corporation. (2022). *Guidelines for Blue Finance: Guidance for financing the Blue Economy, building on the Green Bond Principles and the Green Loan Principles*. January 2022. International Finance Corporation, World Bank Group. Retrieved from: <https://www.icmagroup.org/assets/documents/Sustainable-finance/Learning-resources/>

- IFC-Blue-Finance-Guidance-Document\_January-2022-270122.pdf.
- International Monetary Fund. (2022). [Statistical data on Real GDP Growth Data 2018–2023]. IMF Data Portal. Retrieved from: <https://data.imf.org/?sk=388dfa60-1d26-4ade-b505-a05a558d9a42>.
- Jumeau, R. (2013). Small Island Developing States, Large Ocean States. Expert Group Meeting on Oceans, Seas and Sustainable Development: Implementation and follow-up to Rio+20.
- Louey, P. (2022). The Pacific blue economy: An instrument of political maneuver. *Marine Policy*, 135, 104880.
- Ministry of Finance, Trade and Blue Economy. (2015). The Blue Economy Progress on the Development of the Blue Economy in Seychelles. [https://wedocs.unep.org/bitstream/handle/20.500.11822/21092/Blue%20Economy\\_presentation\\_16%20June%202015\\_FF.pdf?sequence=1&isAllowed=y](https://wedocs.unep.org/bitstream/handle/20.500.11822/21092/Blue%20Economy_presentation_16%20June%202015_FF.pdf?sequence=1&isAllowed=y)
- Moses, M. (2011). Pacific small island developing states. Statement by H.E. Ambassador Marlene Moses Permanent Representative of Nauru on behalf of the Pacific Small Island Developing States. In *Proceedings of the Second Preparatory Committee Meeting for the United Nations Conference on Sustainable Development*.
- Ocean Panel–High Level Panel for A Sustainable Ocean Economy (2022). *About Ocean Panel*. 30 October 2022. <https://oceanpanel.org/about-ocean-panel/>.
- Organisation for Economic Cooperation and Development. (2022). *Towards a Blue Recovery in Fiji: COVID-19 Appraisal Report*. OECD Publishing, Paris. OECD Library Online.
- Osborn, C. (2022). The Barbadian Proposal Turning Heads at COP27. *Foreign Policy*. November 11, 2022. <https://foreignpolicy.com/2022/11/11/cop27-un-climate-barbados-mottley-climate-finance-imf/>.
- Purvis, M. T. (2015). Seychelles blue economy strategy. *Island Studies: Indian Ocean*, 3, 14–19.
- Rustomjee, C. (2017). Operationalizing the Blue Economy in Small States: Lessons from the Early Movers. Centre for International Governance Innovation. Policy Brief No. 117.
- Shiiba, N., Maekawa, M., Vegh, T., & Virdin, J. (2022). Tracking international aid projects for ocean conservation and climate action. In Morgan, P. J., Huang, M. C., & Voyer, M., *Blue Economy and Blue Finance: Toward Sustainable Development and Ocean Governance*. Asian Development Bank Institute.
- Shiiba, N., Wu, H. H., Huang, M. C., & Tanaka, H. (2022). How blue financing can sustain ocean conservation and development: A proposed conceptual framework for blue financing mechanism. *Marine Policy*, 139, 104575.
- Smith-Godfrey, S. (2016). Defining the blue economy. *Maritime affairs: Journal of the national maritime foundation of India*, 12(1), 58–64.
- Telesford, J. N. (2021). Climate Change and the Case of Grenada’s Blue Growth Plan: Using the SDGs to Propose a Policy Planning Framework for SIDS’ Sustainable Development. In *Small Island Developing States* (pp. 307–327). Springer, Cham.
- The Commonwealth. (2021). Commonwealth Blue Charter. Commonwealth Secretariat. [https://production-new-commonwealth-files.s3.eu-west-2.amazonaws.com/s3fs-public/2022-02/Commonwealth%20Blue%20Charter.pdf?VersionId=Ddy0\\_2fwqEyM8Aunbg-2miUHkFTzmj6\\_k](https://production-new-commonwealth-files.s3.eu-west-2.amazonaws.com/s3fs-public/2022-02/Commonwealth%20Blue%20Charter.pdf?VersionId=Ddy0_2fwqEyM8Aunbg-2miUHkFTzmj6_k).
- The Commonwealth. (2022a). Commonwealth guide to boost access to ocean climate finance. 29 November 2022. Retrieved from: <https://thecommonwealth.org/news/commonwealth-guide-boost-access-ocean-climate-finance>.
- The Commonwealth. (2022b). Island nations make progress towards sustainable blue economy

- transition. 26 September 2022. Retrieved from: <https://thecommonwealth.org/news/island-nations-make-progress-towards-sustainable-blue-economy-transition>.
- The Commonwealth. (n.d.) Commonwealth Blue Charter. The Commonwealth. <https://thecommonwealth.org/bluecharter>.
- The White House, Briefing Room. (2022). G20 Bali Leaders' Declaration. 16 November 2022. Retrieved from: <https://www.whitehouse.gov/briefing-room/statements-releases/2022/11/16/g20-bali-leaders-declaration/>.
- Thomas, S., Bruckner, A., Huynh, T. B., Munhequete, C., Nam, Y. N., Pratap, A. & Shnyder, L. (2022). *A Commonwealth Guide to Ocean Climate Finance*. Commonwealth Secretariat, London.
- Thomson, P. (2011). Statement by H.E. Mr. Peter Thomson, Ambassador and Permanent Representative of The Republic of the Fiji Islands to the United Nations, On Behalf Of the Alliance of Small Island States (AOSIS) During The Opening Session of the Preparatory Committee Meeting Of The Commission on Sustainable Development. In *Proceedings of the Second Preparatory Committee Meeting for the United Nations Conference on Sustainable Development*.
- UK Government. (2022). Policy Paper–Blue Planet Fund. Updated December 22, 2022. <https://www.gov.uk/government/publications/blue-planet-fund/blue-planet-fund>.
- United Nations. (2012). The future we want - outcome document of the United Nations Conference on Sustainable Development. <https://sustainabledevelopment.un.org/content/documents/733FutureWeWant.pdf>
- United Nations. (2014). *Blue Economy Concept Paper*. <https://sustainabledevelopment.un.org/content/documents/2978BEconcept.pdf>.
- United Nations. (2016). *SDG Goal 14*. United Nations: Department of Economic and Social Affairs. <https://sdgs.un.org/goals/goal14>.
- United Nations. (2022). Sustainable Ocean Economies that can drive a Blue Recovery and Sustainable Development - Launch of Fiji Blue Recovery Hub report. United Nations: Department of Economic and Social Affairs. <https://sdgs.un.org/events/sustainable-ocean-economies-can-drive-blue-recovery-and-sustainable-development-launch-fiji>.
- United Nations Climate Classrooms. (2022). COP27 Final Text. [https://unfccc.int/sites/default/files/resource/1CMA4\\_1CMP17\\_1COP27\\_preliminary\\_draft\\_text.pdf](https://unfccc.int/sites/default/files/resource/1CMA4_1CMP17_1COP27_preliminary_draft_text.pdf).
- United Nations Conference on Trade and Development. (2021). Small island developing states face uphill battle in COVID-19 recovery. 10 June 2021. <https://unctad.org/news/small-island-developing-states-face-uphill-battle-covid-19-recovery>.
- United Nations Environment Programme. (2022a). State of Finance for Nature. Time to act: Doubling investment by 2025 and eliminating nature-negative finance flows (Executive Summary). Nairobi. <https://wedocs.unep.org/20.500.11822/41333>.
- United Nations Environment Programme. (2022b). State of Finance for Nature. Time to act: Doubling investment by 2025 and eliminating nature-negative finance flows. Nairobi. <https://wedocs.unep.org/20.500.11822/41333>.
- United Nations Environment Programme. (n.d.). *The Sustainable Blue Economy Finance Principle*. United Nations Environment Programme, Finance Initiative. (n.d.). Retrieved from <https://www.unepfi.org/blue-finance/the-principles/#:~:text=The%20Sustainable%20Blue%20Economy%20Finance,finance%20a%20sustainable%20blue%20economy>.
- United Nations Educational, Scientific and Cultural Organization (2022). 2021–2030 United Nations Decade of Ocean Science for Sustainable Development. UNESCO: Building peace

in the minds of men and women. <https://ioc.unesco.org/ocean-decade>.

Voyer, M., Quirk, G., McIlgorm, A., & Azmi, K. (2018). Shades of blue: what do competing interpretations of the Blue Economy mean for oceans governance? *Journal of environmental policy & planning*, 20(5), 595–616.

World Tourism Organization. (2022). [Statistics on International tourism, number of arrivals–Maldives]. The World Bank Databank, Yearbook of Tourism Statistics. Retrieved from <https://data.worldbank.org/indicator/ST.INT.ARVL?locations=MV>.