

Financing a sustainable ocean economy

What is a sustainable ocean economy (SOE)?

The ocean economy consists of all ocean based industries (e.g., seafood production, renewable energy) and ecosystem goods and services (e.g., food, climate regulation, cultural value, coastal protection) generated by marine ecosystems.

The size of the ocean economy was estimated at around USD \$1.5 trillion in 2010, and prior to the COVID-19 pandemic, was projected to increase to USD 3 trillion in 2030.

A sustainable ocean economy is development of the ocean economy in a way that balances the needs of people, planet, and prosperity.



The future of the world's ocean economy is at risk

A sustainable ocean economy requires healthy and resilient marine ecosystems. While the world's ocean supports planetary life and human well-being, anthropogenic and climate pressures are increasingly threatening ocean biodiversity.



Adequate and quality ocean finance is needed to support a sustainable ocean economy

Having a sustainable ocean economy requires a range of interventions to improve governance, science, integrated ocean management and adaptive management. Finance is an important enabler of a SOE because it underlies all ocean initiatives that seek to promote healthy oceans, including informing policy and supporting accountability and ocean literacy more generally. Ocean finance refers to the supply and demand of financial capital for investing in ocean related economic activities and governance.



A significant ocean finance gap exists

There is a large shortfall in the amount of money that goes towards financing a sustainable ocean economy. The gap in conservation financing for all ecosystems, which includes funds for a SOE, was estimated at USD 300 billion globally.

Why is there this gap in ocean financing for a SOE?

There are four main barriers to financing a SOE:

1. A weak enabling environment for attracting sustainable ocean finance;
2. Insufficient public and private investment in the ocean economy due to a lack of high quality, investible projects with appropriate deal size and risk-return ratios to match available capital;
3. Limited ability of people to visualize and develop projects that are attractive to investors. This is where ocean literacy in general, and ocean finance knowledge in particular needs to be made accessible and available to the wider population;
4. Ocean investments have a higher relative risk profile but the enabling environment for insurance and risk mitigation is not in place.



How do we address the challenges of financing a SOE?

Governments and public institutions



- Create a more attractive enabling environment
- Allocate a higher proportion of GDP towards initiatives for attaining a SOE. To do this countries would first need to know how much GDP is linked to ocean sectors;
- Provide clear principles, frameworks, guidance and metrics for investors.

Private finance and insurance companies



- Increase finance and investment in a SOE
- Introduce new financing mechanisms and tools as a positive incentive for sustainable, inclusive, and climate resilient ocean activities, including Green/Blue/Climate bonds;
- Develop Private-Public Partnerships to stimulate the flow of investible ocean deals.

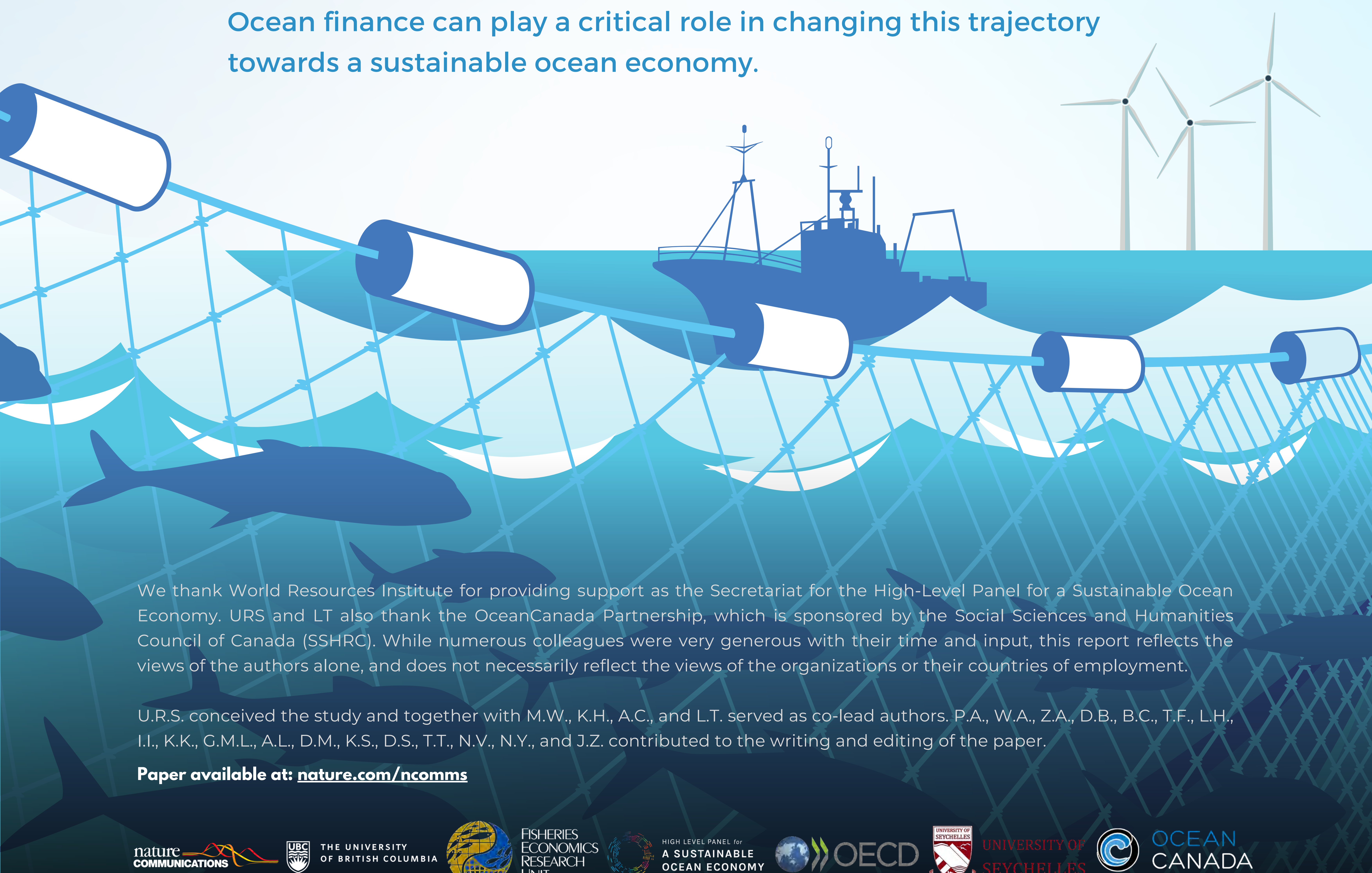


The need for public and private sectors to work together

Achieving robust ocean finance supportive of a SOE requires that the public and private sectors create and better mobilize a full suite of financial tools and approaches as well as strengthen the enabling environment. These actions will support the transition to an ocean economy that is sustainable and inclusive of all, especially, women, youth and marginalized communities.

The Big Message

- A significant increase in sustainable ocean finance will be required to ensure access to a SOE that benefits all, including a broad section of society and businesses in developing as well as developed countries;
- The ocean economy is currently at risk from multiple stressors such as over-extraction, direct habitat damage, pollution and climate change. Ocean finance can play a critical role in changing this trajectory towards a sustainable ocean economy.



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