A global gathering of business and government leaders grapples with some of the ocean’s most intractable problems—and explores new possibilities.
Despite the early hour, a fierce sun beat down on the small crowd gathered on the beach. Piles of plastic bottles and other debris collected by a brigade of volunteers dotted the sand: mementoes from the shores of Bali, Indonesia’s once pristine holiday island.

Clean-ups like these highlight the deluge of man-made waste finding its way into the ocean and washing up on coasts worldwide, and the Sinyeheon task ahead. Plastic waste has become a totem for the ocean’s ills. Climate change, overfishing, pollution and accelerating economic activity each add stresses to already troubled seas. Their cumulative impact is proving to be profound.

The challenge is large and the task is urgent, but there is a palpable sense that solutions are within reach. Karmenu Vella, European commissioner for maritime affairs, summed up the mood at the recent World Ocean Summit: “The oceans present a huge environmental responsibility.”

“Showing the green or clean-economic opportunity, but also a huge environmental responsibility.”

Karmenu Vella
Commissioner for environment, maritime affairs and fisheries
European Commission

CHAIRING A NEW COURSE

In June, the United Nations’ 193 member states will meet in New York to discuss the implementation of Sustainable Development Goal 14 (SDG14), to “conserve and sustainably manage the oceans, seas and marine resources”. In October, the European Commission will host the Our Ocean event in Malta, taking the reins from John Kerry, former United States secretary of state and the driving force behind the initiative. Towards the end of the year in Bonn, the COP23 climate-change deliberations will offer another opportunity to reinforce the importance of the ocean to the climate, and to underscore the need to map out more comprehensive responses to climate change.

At the World Ocean Summit, Piyush Bhargava, vice-president of global operations at Dell, announced his company’s plans to reduce plastic waste in packaging. Brian Sullivan, programme manager of Google Ocean and Earth Outreach, committed to host any data on fisheries, shipping or other sources that could help address large-scale ocean issues, and to make them publicly available.

Matching private-sector commitments, the United Nations Environment Programme launched a global plastic-waste initiative. Ten countries have already joined, including Indonesia, which promised to slash its marine litter by 70% by 2025. The Global Mangrove Alliance, a coalition of three of the world’s largest conservation groups (Conservation International, the Nature Conservancy and WWF) pledged to restore 20% of the world’s mangrove habitats by 2030. Bloomberg Philanthropies announced it would develop a list of the 50 most critical coral reefs to protect. “These are tangible commitments of accountability and are moments to be applauded,” said Peter Thompson, president of the UN General Assembly.

SHOW ME THE MONEY

“There are lots of commitments, but no consequences,” said Susi Pudjiastuti, minister of marine affairs and fisheries for Indonesia. Though goodwill towards the ocean appears to be increasing, the scale of the practical challenge is large. A major hurdle, and a focal point of the World Ocean Summit, is the enormous need for capital in developing a more sustainable ocean economy. There is a need for finance so that traditional ocean-related industries, such as shipping and oil and gas, can transition to more sustainable practices. The development of “blue” industries, such as offshore renewables, sustainable aquaculture and marine biotechnology, needs funding too. Innovative vehicles for investing sustainably in the ocean are emerging, but the global green-finance explosion has yet to turn blue. Sustainable ocean investments often lack precedents and clear risk profiles, and mainstream investors are either wary of them or unaware of the pitfalls.

Yet, with the right incentives in place, the business opportunities could be significant. Tackling overfishing by ensuring fish stocks are sustainably managed could unlock economic benefits of up to $85 billion a year, according to the World Bank.

Demonstration projects, such as the winner of the 2017 Ocean Innovation Challenge, play a vital role in providing the market with enough confidence to unlock private capital. The Seychelles aims to raise $15m through a blue bond to finance the implementation of a sustainable fisheries-management plan off the country’s Mahé Plateau. The debt financing is part of a wider National Blue Economy Roadmap, which includes another innovative financing mechanism—a sovereign-debt swap for conservation and climate adaptation.

Still, sustainable financing for the ocean is in its infancy. “The oceans movement seems to be where the green or clean-energy movement was 20 years ago, when policy was in initial formation and there were the beginnings of markets forming,” said Michael Eckhart, managing director and head of environmental finance at Citigroup. Green bonds started small but now cover more than $100 billion in debt, suggesting that there is still room for the blue versions to grow. For this to happen, better risk assessment and stress-testing for emerging investment opportunities will need to be in place, including new guidelines to help investors evaluate whether sustainability criteria can be met. And unless governance improves, most conservation financing in particular will continue to come from philanthropy and public-private partnerships, warned Mark Burrows, former managing director and vice-chairman of global investment banking and capital markets at Credit Suisse. Mainstream capital will stay on the sidelines.

COP THAT

Increasing evidence of climate change in the ocean and on coastlines requires that the ocean be brought into formal climate-change agreements with greater urgency. Risks include rising sea levels and bigger storm surges, which will affect coastal infrastructure and human settlements; a warming ocean; geographical shifts in fish stocks; and the wholesale bleaching of coral reefs. Advocates hope the upcoming COP23 negotiations will see swifter and more ambitious action, but a chillier global policy environment could curb the building momentum.

Appreciation of climate change–related risks to investments in the ocean and along coasts is woefully inadequate, the tools to assess such risks undeveloped, and the appetite only just beginning to surface. The G20-mandated Financial Stability Board task-force on disclosing climate change–related risk could offer a way forward, but there is a need for a comprehensive method.
and mechanism for evaluating the viability of existing and future investments in the ocean.

LOOKING FORWARD: THE WORLD OCEAN INITIATIVE
Since 2012 the World Ocean Summit has sought to bridge the sometimes dissonant perspectives of business, government and civil society on how we use our troubled seas. The vision is of an ocean in robust health and with a vital economy; the purpose to accelerate the transition to using the ocean sustainably.

In 2018, the World Ocean Summit will expand into a wider, more ambitious World Ocean Initiative. The aim is to influence progress in several areas: ocean finance, ocean governance, pollution, sustainable seafood, and climate change. The fifth summit, in Mexico in March 2018, will deliver, stress-test and review the year’s work and goals, and look forward with new ideas and objectives.

We invite you to join us as a sponsor, supporter, speaker or participant.

The Ocean Innovation Challenge, hosted in co-operation with Blancpain, called on innovators to share ideas on how to bridge the gap between sustainability and economic growth in the ocean. The challenge sought innovations in financing that channel responsible, sustainable investment in the ocean. The winner in 2017 was ‘The Seychelles blue bond project’ presented winner in 2017 by Dominique Benzaken on behalf of the Government of the Seychelles.

THE NEXT WORLD OCEAN SUMMIT
Fairmont Mayakoba, Riviera Maya, Mexico; March 7th-9th 2018

Register to attend or enquire about sponsorship opportunities at oceansummit.economist.com.