

Ocean Finance: Financing the Transition to a Sustainable Ocean Economy

Rashid Sumaila *et al.*

Institute of the Oceans and Fisheries, University of British Columbia

Abstract

The ocean economy (OE) is a cornerstone of the global economy, contributing trillions each year. Despite this, the sector is drastically underinvested, with just 1% of the ocean economy's total value invested in sustainable projects to date. With climate change, pollution and overfishing putting mounting pressure on the ocean, it is crucial to protect and manage human activity on the ocean. To do this effectively and achieve a sustainable ocean economy, significantly greater finance needs to be made available. The ocean economy is currently at risk from multiple stressors. To sustain ocean health, it is crucial to restore, protect and effectively manage human use of and impacts to ocean ecosystems. These activities need financing. Ocean finance is therefore critical to achieving a sustainable ocean economy. However, current investments fall well below what is needed to finance this transition: (1) Less than 1 % (around 13 billion) of the total value of the ocean economy invested in sustainable projects in the last 10 years. (2) Mediterranean countries are facing an annual financing gap of \$776.4 million for effective management of marine protected areas in the Mediterranean. Although knowledge gaps remain, there is mounting evidence of the benefits investing in the ocean can bring: (a) Investing \$1 in key ocean actions can yield at least \$5 in global benefits, (b) Investing in effectively managed MPAs can increase habitat protection and ecosystem resilience. Current frameworks that guide blue investments do not set out consistent and universally adopted principles. There are still gaps in understanding of the ways the OE contributes to the wider global economy, and that investments in the OE can have high return rates. Activities like oil and gas and unsustainable fishing, which create negative impacts on the environment, are heavily subsidized. Investments in the ocean economy are currently risky. Historically, ocean economic sectors have operated under relatively more unpredictable conditions than those based on land due to the ocean's vast size, physical environment, and comparative lack of ownership and responsibility in the ocean. Actions to plug the finance gap:

- Set up and implement new common guidelines and principles that help define what sustainable investment in the ocean economy would look like.
- Strengthen knowledge, data and capacity in ocean health and finance, particularly in developing countries.
- Create a supportive and inclusive enabling environment.
- Stimulate the pipeline of investible sustainable projects.
- Explore new financing mechanisms and tools.
- Develop best practices to incentivize sustainable behavior.
- Boost new approaches to insurance.