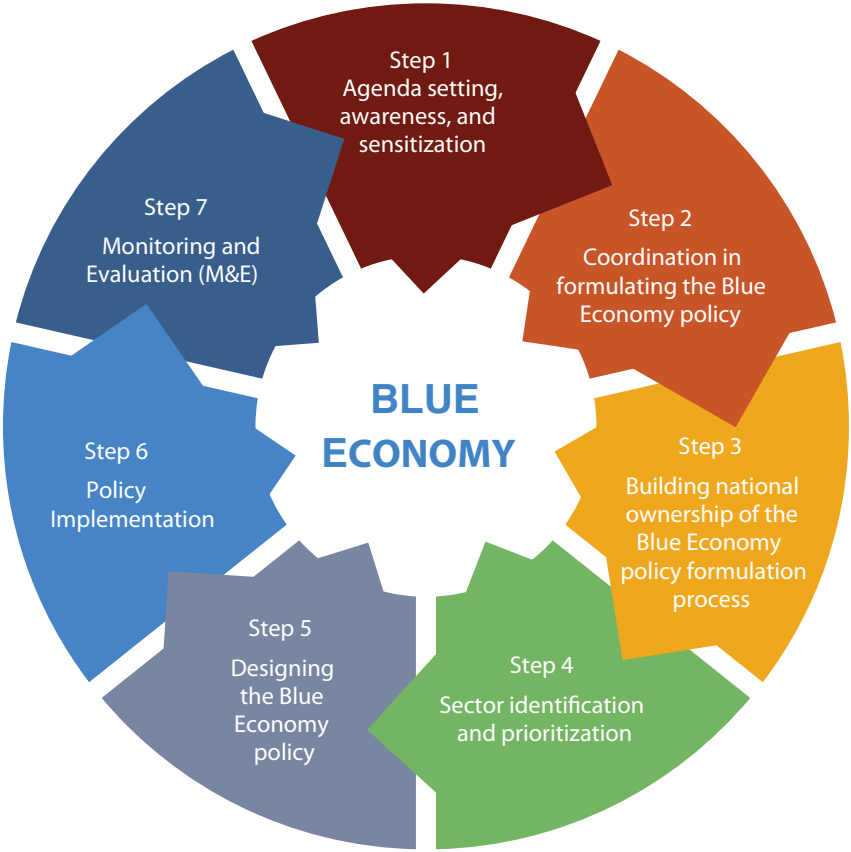
PART II: PROCESSES AND DESIGN TOWARDS AN EFFECTIVE BLUE ECONOMY POLICY

A step-by-step guide

Towards a Blue Economy policy

This policy handbook proposes following a step-by-step guide in order to frame the development of a Blue Economy policy. These steps are identified in Figure 9.

Figure 9: *Sequencing and steps of the Blue Economy policy development process*



Sources: *Authors.*

Step 1: Agenda setting, awareness, and sensitization

Communicate a sense of urgency for action

A white paper may be required as an initial step toward setting the agenda and raising the necessary levels of awareness and sensitization about the Blue Economy. The white paper and subsequent consultative processes could be the vehicles through which to communicate a sense of urgency to act on pressing issues and emerging opportunities. The white paper could also serve to communicate the challenges that lack of action could precipitate.

With regard to living resources, the development of coordinated robust monitoring, control, and surveillance capabilities to address threats to the marine environment, such as IUU fishing and transnational crimes, in order to create and maintain a favorable environment for investment and sustainable development could be one such urgent action. Regarding nonliving resources, the submission of claims by coastal States regarding the outer limits of their continental shelf to the CLCS in order to trigger benefits from future oil and gas exploitation could be another urgent action.

Know your resources

It is also crucial to have a good understanding of the Blue Economy resource base, including both natural and human capital. In the case of natural capital, this would require undertaking an extensive resource mapping exercise in both the aquatic and marine environments. Closely linked to this would be the need to undertake an assessment of prevailing knowledge, building on the existing knowledge base, identifying gaps and needs, and establishing both internal and external partnerships to meet any shortfalls. In conducting such an assessment, dedicated research and development, as well as technology transfer, are crucial.

Baseline information can be generated from existing studies and reports at multiple scales. It can also be based on similar assessments undertaken in various countries in Africa as well as in other parts of the world, including data from the archives of geological surveys, marine research institutions, and international organizations.

Organize policy dialogue and awareness-raising meetings

Policy dialogues based on the background white paper should follow. They can assist in fostering participation, inclusion, and consensus-building from the inception stage of the Blue Economy policy formulation process. Such an approach could also provide opportunities to raise awareness about the value

of the Blue Economy concept. The policy dialogue ideally should be launched by the highest possible level of political representation (e.g., head of state or prime minister). This is essential to rally political will and commitment, especially from different government departments. The dialogue should include a wide array of representative stakeholder groups.

Refine the white paper to reflect emerging consensus

The white paper should need to be a living document, adjusted at different stages of the consultative process. This would help to reflect the emerging consensus and to capture the evolving and dynamic nature of the issues that sometimes emerge from a better understanding and awareness of the Blue Economy. Continuously sharing of the updated versions of the white paper with all stakeholders is good practice to continue to build consensus and reflect current positions.

Update existing baseline information on the Blue Economy sectors from national, regional, and international sources

A regular update of baseline information in such key Blue Economy sectors as fisheries, maritime transportation, ocean and seabed mining, energy resource development, and others would be helpful, as it would flag key issues in a manner that would allow new ideas and perspectives to be incorporated throughout the policy formulation process. A yearly assessment of country key issues, challenges, opportunities, and requirements could help maintain the momentum of policy discussions around the Blue Economy.

Prepare and disseminate synthesis report

Following the initial consultative stage(s), it is important to communicate the consensus obtained and prepare and disseminate synthesis reports in a timely fashion. Synthesis reports would capture the key issues raised in the consultative discussions, the relevant challenges and opportunities identified, the next steps identified, and the most important follow-up actions toward the next step of the policy formulation process.

Step 2: Coordination in formulating the Blue Economy policy

Successful formulation of the Blue Economy policy requires a great deal of coordination to be sustained throughout the process. Effective constitution of

the coordination body and sustained commitment to the process are therefore crucial and could be achieved if the following are considered:

Principles for leading coordination

The organ responsible for coordinating the entire process should be vested with sufficient convening authority, resources, and operational independence. The legitimacy of the body can be strengthened if it is constituted in an inclusive and representative manner. In addition, its ability and mandate to shape the process and make decisions required to move toward the successful development of the policy can be strengthened if it is established through a legislative act by government or parliament. It is particularly important to ensure that the views and perspectives of all stakeholders are considered in decision making.

Functions of the Blue Economy coordinating body

The formulation of the Blue Economy policy would necessitate the establishment of an interministerial or intersectoral Blue Economy Policy Committee. The functions of the coordinating body could include, but not be limited to, the following:

- Coordinating and facilitating policymaking processes
- Removing the barriers that inhibit development and implementation of the policy
- Providing guidance for development of the policy
- Proposing Key Performance Indicators (KPIs) and related milestones and timeframes
- Building partnerships and creating linkages at the regional and international level
- Identifying and securing quick wins
- Communicating achievements
- Commissioning the auditing of results and making them publicly available for comments and feedback
- Re-evaluating and adjusting the policy, as required
- Reviewing and monitoring the policy implementation
- Using social media to broaden the consultation process
- Sustaining momentum

Possible scenarios for the lead institution for coordination

Due consideration should be given to the choice of which institution should lead the Blue Economy policy formulation process. Ideally, this should be at the highest level of government. Of essence is the need to ensure a bird's-eye view and equal treatment of all the sectors of the Blue Economy.

Step 3: Building national ownership of the Blue Economy policy formulation process

For a policy on the Blue Economy to be effective, ownership is a requirement. Ownership of the agenda, the process, and the policy would foster internalization of the framework and implementation of the policy. The following are steps to ensure ownership:

Consensus building

Consensus can be built through continued, inclusive, and participatory stakeholder engagement processes at various stages of the policy formulation process.

Communicating the Blue Economy policy

Communication should be centered on key messages sent to all stakeholders to improve awareness about the Blue Economy. It must be a continuous, timely, and sustained process of strategic communication and regular provision of information and maps aimed at sustaining the stakeholder base established for the Blue Economy policy formulation.

Stakeholder engagement

The quality of the multi-stakeholder consultative process is critical to the success of the Blue Economy policy formulation process.

The multi-stakeholder process should result in an alignment of different points of view and understanding of the opportunities and challenges in harnessing the potential of the Blue Economy. Key to success is the need to undertake a comprehensive mapping of all potential interest groups. These could include policymakers (at all levels), civil society, local community groups, the private sector, labor, media, and other parties. The different values and understanding of the benefit streams of the Blue Economy for each stakeholder group must be identified clearly.

The range of issues include:

- Fiscal (tax, royalties, etc.) and legal/regulatory environment
- Inclusive job creation and skills enhancement
- Conservation and preservation of natural resources
- Sustainable use and management of natural resources
- Social cohesion
- Process ownership
- Benefit sharing
- Infrastructure enhancement and development

An effort should be made to group the issues according to their order of importance as classified by the majority of stakeholders. Then the roles and responsibilities of each stakeholder must be defined and reporting and accountability measures must be articulated.

Empowerment of key actors

Empowering the key actors in the Blue Economy policy formulation process is important to build ownership. To achieve this, public institutions must collect, store, update, and disseminate all relevant information in a transparent and timely manner. In addition, private operators should inform the public regularly of the environmental and social impacts of their activities.

Invariably, multi-stakeholder consultative processes are confronted with the need to align different interests and perceptions of value. Ultimately, the ability to align the different views and perspectives into a shared vision would dictate the success of the Blue Economy policy formulation process.

Building of a Blue Economy culture

Operationalizing the Blue Economy requires a mindset change based on an holistic and integrative approach to spatial economic planning and development. The process of formulating the Blue Economy policy would, therefore, benefit from a concerted effort of sensitization and awareness raising for all stakeholders in order to build a culture of new ways of thinking. The consultative process and engagement with media (including social media) can be useful in this effort.

A good example of how to formulate a Blue Economy policy that is comprehensive and has the national interest at stake can be found in case study 10.

Case study 10

The Norwegian model for oil and gas governance

The Norwegian government decided in 1969, at the outset of the oil era in that country, that the oil would be for all the people of Norway, the whole country, and would be used to build the social welfare state. The government has kept its promise by ensuring that approximately 80 percent of the revenue generated by the oil sector remains in Norway. At its peak, oil and gas production amounted to 16 percent of the Norwegian GDP and nearly 40 percent of Norwegian exports. After the World War II, Norway had a fisheries and agriculture-based economy. This left Norway with little independent oil and gas expertise. Therefore, three main points needed immediate attention: (1) settlement of its maritime bilateral borders with neighboring countries; (2) a decision on how to deal with the oil companies that expressed interest in exploring the Norwegian Continental Shelf; and (3) building of a solid policy for oil and gas exploration and production.

Norway looked at the experience of other oil-producing countries and recognized the disruptive nature of poorly governed oil revenues to the economy, environment, and social development. This prompted the formulation of a clear mission policy, which later became known as the "10 Oil Commandments." These include: "petroleum discoveries must be exploited in a way which makes Norway as independent as possible of others for its supplies of crude oil," "new industry will be developed on the basis of petroleum," "the development of an oil industry must take necessary account of existing industrial activities and the protection of nature and the environment," and "petroleum from the Norwegian Continental Shelf must as a general rule be landed in Norway, except in those cases where sociopolitical considerations dictate a different solution."[1]

The Norway oil and gas sector provides an example of effective ocean-resources revenue governance. For the first two decades, Norway's share of the oil revenues was cycled back into developing industrial, public, and social infrastructure, a clear policy to build social, economic, and physical linkages between the oil sector and other sectors of the Norwegian economy and society. However, by 1990, oil production was generating significant profits. Concerned with what is called the "Dutch Disease,"[2] Norway started to

1 *http://www.npd.no/en/Publications/Norwegian-Continental-Shelf/No2-2010/10-commanding-achievements/* (accessed 27 November 2015)

2 *The Economist* coined the term in 1977 to describe the woes of the Dutch economy. Large gas reserves had been discovered in 1959. Dutch exports soared, but there was a contrast between "external health and internal ailments." From 1970 to 1977 unemployment increased from 1.1 percent to 5.1 percent. Corporate investment was tumbling. The *Economist* explained the puzzle by pointing to the high value of the guilder, which was then the Dutch currency. Gas exports had led to an influx of foreign currency, which increased demand for the guilder and thus made it stronger. That made other parts of the economy less competitive in international markets. That was not the only problem. Gas extraction was (and is) a relatively capital-intensive business that generates few jobs. And in an attempt to stop the guilder from appreciating too fast, the Dutch kept interest rates low. That prompted investment to rush out of the country, crimping future economic potential. *http://www.economist.com/blogs/economist-explains/2014/11/economist-explains-2* (accessed 18 December 2015)

Case study 10 *(cntd.)*

explore how it could better shield its domestic economy from the overheating effects of increased financial capital inflow, and how it could ensure that future generations would benefit from its oil wealth. By 1990, the government had established a Petroleum Fund, followed by the setting up of the Norges Bank Investment Management in 1998 to manage the fund on behalf of the Ministry of Finance, and by 2015 the fund value had reached nearly USD 1 trillion.[43]

Lessons

The Norwegian oil revenue management model demonstrates the importance of having a coherent national vision and a transparent and accountable plan to maximize the benefits from ocean resources for positive long-term benefits beyond the extraction period. It also illustrates the potential of linking development of oceanic resources to diversify the economy and expand the benefit space for a country. The Norwegian model of oil fund management highlights the importance of having a sound fund management proactively maximizing the national benefits from ocean energy resources.

43 *http://www.nbim.no/en/the-fund/history/*

Step 4: Sector identification and prioritization

The Blue Economy encompasses numerous sectors, each with distinct characteristics and regulatory frameworks. The policy framework should address all relevant sectors while identifying high-priority sectors. This process should be methodical and objective, based on analysis of the relative comparative and competitive advantage of each sector. The outcomes would need to go through consultation to ensure proper selection validation. As stated in the AU 2050 AIMS, an "urgent vs. important" matrix could help in setting up a sound prioritization scheme for implementing the Blue Economy strategy.

The policy framework would also need to identify emerging issues (opportunities and challenges) at the global, regional, and national level. Examples include bioprospecting in oceans, seas, or deep waters as well as mineral and energy development in the deep seas.

Case studies 11, 12, 13, and 14 provide illustrative examples of sector identification and prioritization as well as intersectoral connections and linkages.

Case study 11

Sustainable tourism development in the Blue Economy

Tourism is increasingly receiving recognition for its contribution to sustainable and equitable growth. World leaders meeting at two major summits in 2012 — the UNCSD (Rio+20) and the G20 — agreed that tourism could make an important contribution to many of the world's most pressing challenges.

Furthermore, a study commissioned by the United Nations Economic Commission for Africa's Sub-Regional Office for Eastern Africa (ECA SRO-EA) entitled "Towards a Sustainable Tourism Industry in Eastern Africa" concluded that although the region faced a number of challenges, the industry had great economic potential that could be realized through regional integration. Accordingly, ECA SRO-EA supported the formulation of the 2013–2023 Sustainable Tourism Master Plan (STMP) for the Intergovernmental Authority on Development (IGAD) that is currently being implemented. The IGAD STMP is premised on the following principles: provision of both intergenerational (taking into account needs of future generations) and intragenerational equity (taking into account social justice and poverty alleviation; the need for a visionary approach to tourism development; the need to align tourism development strategies with the wider national, regional, continental, and international initiatives; and the importance of tourism development being guided by sound research). These principles could indeed also guide tourism development within the Blue Economy.

The UNEP Green Economy report identified tourism as one of ten sectors that are vital to greening the global economy.[1] The tourism industry is also a key sector within the Blue Economy from which it derives its resource base, which is predominantly nature-based.[2] Such resources, found in both the aquatic and marine environments, include rivers, lakes, oceans, biodiversity, beaches, riverine, and coastal vegetation

The Blue Economy approach provides opportunities for investment in tourism infrastructure, such as hotels and resorts, and specific infrastructure, including dedicated terminals in ports for the cruise tourism industry and marinas for leisure boat activity. As a result of increased cruise ship tourism, high revenues and cash money are injected into the economy. Locally made handicrafts sold locally to cruise ship passengers are an ideal way to create jobs and obtain quick revenue for the population. But docks and marinas can also pose environmental challenges because of pollution and competition for scarce resources.

It is therefore important to ensure that tourism development is accompanied by adequate measures to minimize its adverse environmental and social impacts.

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1 *http://www.unep.org/greeneconomy/GreenEconomyReport/tabid/29846/Default.aspx* (accessed 27 November 2015)

2 *http://www.unep.org/publications/contents/pub_details_search.asp?ID=6234* (accessed 27 November 2015)

Case study 11 *(cntd.)*

There are a number of case studies that illustrate this approach, including the Collaborative Actions for Sustainable Tourism (COAST) project. The COAST project, whose main focus is on coastal communities, is an initiative supported by the Global Environment Facility (GEF) in partnership with UNEP, the United Nations Industrial Development Organization (UNIDO), and the United Nations World Tourism Organization (UNWTO), which covers nine countries in Africa (Cameroon, Senegal, Kenya, Tanzania, Mozambique, the Gambia, Ghana, Nigeria, and the Seychelles). The main goal of the project is to support and enhance the conservation of globally significant coastal, environmental, and marine ecosystems and associated biodiversity in sub-Saharan Africa through the reduction of the negative environmental impacts resulting from coastal tourism.

The two main outcomes of the project are expected to be:

- Sustainable tourism approaches for reducing pollution, contamination, and environmental degradation from coastal tourism demonstrated in the sub-Saharan African context; and
- National and local mechanisms supporting sustainable tourism governance and management identified and enhanced to facilitate uptake of Best Available Practices (BAPs) and Best Available Technologies (BATs).

Kenya is implementing demonstration projects in all three COAST Project thematic areas: ecotourism, environmental management systems, and reef and marine recreation management. The COAST Project Demo Site in Kenya has focused on training and capacity building workshops for Demo Site Management Committee members, who are now providing the requisite support for project implementation. The members have also planned the purchase and issuance of 80 beehives to community groups involved in ecotourism. The project also provides for the repair of six community canoes used by local community members and the construction of a 100-meter community mangrove boardwalk (nature trail) at Dabaso – Mida Creek to enhance ecotourism activities. The project also aims to combine ecotourism activities with environmentally sound techniques. Various hotels will see the implementation of some elements applying UNIDO's Transfer of Environmentally Sound Technology (TEST) methodology in areas such as wastewater management, solar energy use for water heating, and general mainstreaming of environmental management systems in their work.[1]

Lesson

The Kenyan case shows that in an effort to achieve social benefits for the community and wealth creation within a sustainable context, the development of a small-scale ecotourism industry can support this by enhancing community development as well as the uptake of new technologies to minimize environmental impacts.

1 *http://coast.iwlearn.org/en/about* (accessed 27 November 2015)

Case study 12

Benefits of fishing agreements

In the Eastern African EEZs in the West Indian Ocean (WIO), commercial fishing fleets target tuna and other pelagic species, which are caught primarily by European purse seiners and Asian long-liners. Access by Distant Water Fleet (DWF) vessels for tuna and tuna-like species in the EEZs of West Indian Ocean States can be granted through a number of mechanisms, all of which are used extensively. These include Fisheries Partnership Arrangements (FPAs), bilateral intergovernmental agreements, reflagging, chartering, joint ventures, or similar arrangements between WIO states and foreign vessels, and private commercial agreements between foreign associations or companies and governments in the region. Fishing agreements are important for countries for national wealth creation. However, the leverage of national governments to secure just benefits from these agreements can be limited. Further, monitoring, control, and surveillance of the activities of the DWFs is also often limited.

An example that illustrates how to improve the benefits received from the agreements between the DWF and concession-holding countries can be found in the Pacific tuna fisheries. Here, the Parties to the Nauru Agreement (PNA) have developed a Vessel Day Scheme (VDS). The VDS allows vessel owners to purchase and trade fishing days at sea in places subject to the PNA. The purpose of the VDS is to constrain and reduce catches of target tuna species and increase the rate of return from fishing activities through access fees paid by Distant Water Fishing Nations (DWFNs). The total allocation of fishing days is set and apportioned between Pacific Island members for one-year periods up to three years in advance. The VDS now enforces a minimum payment of USD 6,000 per fishing day, providing significantly greater financial benefits to PNA members than before the VDS was implemented. Prior to the VDS, countries would be paid one flat payment for the entire year for a determined volume of catch. However, due to high levels of IUU fishing, it was believed DWFN would catch much higher volumes. The new system ensures a more fair distribution of benefits to the countries concerned. At the end of 2013, PNA began successfully marketing internationally certified, sustainably caught skipjack tuna in Europe, generating a premium price for the product. The nine countries in the PNA have managed to stop purse seine fishing in several High Seas enclaves, effectively making these areas High Seas MPAs.[1]

Lesson

In the Blue Economy framework, and in order to reap the benefits of domestic fish stocks, regional cooperation can be instrumental in enhancing the benefits of fishing agreements with foreign nations.

1 Tamate, J. Australian National University. In Brief 31, 2014. Regionalism: The Experience of the Parties to the Nauru Agreement. *http://ips.cap.anu.edu.au/sites/default/files/SSGM%20IB%202014_31.pdf* (accessed 27 November 2015)

Case study 13

Madagascar Blue development

The president of the Republic of Madagascar, Hery Rajaonarimampianina, called in 2015 for Madagascar to jump-start economic development by embracing a Blue Economy, using the island nation's fisheries, maritime shipping, ecotourism, and sustainable energy. With a coastline of 5,500 kilometers, Madagascar is endowed with a unique array of coastal and marine natural resources. In many ways, it has already demonstrated some successful applications of the Blue Economy approach, allowing us to learn lessons from some concrete examples presented below. All these examples show that the Blue Economy concept is a path toward sustainable development, as it generates diversified jobs and capacity building on a long-term basis. The key element is the ability to assess the potential of trade and then take action to facilitate the launch of projects. The collaboration of all stakeholders contributes to the success of the projects.

Figure 10 (see page 80) identifies four major high spots, among many sites dedicated to Blue development, which have resulted in positive impacts on the economy and the fight against poverty.

- The Port of Ehoala at Tolagnaro (Fort Dauphin) represents a USD 260 million investment through a modern PPP, which includes the Malagasy government, Rio Tinto Group (private sector/mining operator—local extraction of ilmenite/mineral sand) and the World Bank. During the first three years of operation (2010–2013) a booster effect on trade (export of local products) and tourism industry (cruise ships) has been noted, exemplified by the generation of 57,000 jobs, according to the Economic Development Board of Madagascar (EDBM) branch sponsored by the World Bank. After the completion of the port, major economic development was brought to the region, with the arrival of tourists and increasing demand for local goods and services, employment in the new port, the emergence of various service providers, and an overall boost in trade. This case demonstrates the positive ripple effects of Blue Economy-related sector investment if conceived in an integrative fashion and with effective and sustainable financing arrangements in place.[1]
- Taking advantage of the natural wealth of the marine biodiversity, the Madagascar island of Nosy Be has been recognized as the first tourism hot spot for Blue ecotourism in the region. This includes seaside activities, such as marine tours, leisure boats, viewing of charismatic species (e.g., whales, giant turtles, dolphins, stingrays, etc.). The Malagasy government has therefore declared Nosy Be a priority site for the promotion of tourism, which will mobilize key investments, including upgrading of the international airport and installation of optical cable for communications. As these activities can create environmental externalities, it is important to link the sectors in a sustainable manner.

1 *http://www.carecprogram.org/uploads/events/2014/PPP-Workshop-TOKYO/Related-Materials/009_106_210_Case-study-1-Madagascar.pdf* (accessed 27 November 2015)

Case study 13 *(cntd.)*

- Mahajanga (Majunga) is a world-renowned site for the aquaculture-based shrimp industry. The shrimp farming industry in the Western Indian Ocean started with the Aqualma project (Unima Group) in 1989 in Madagascar, and now several companies farm shrimp in Mozambique and Tanzania following the same approach. A high level of product quality and significant investments have generated a sustainable development model. These operators are located in remote areas and thus face high investments and operating costs. However, they compete in the global marketplace by efficiently producing high-value, quality products. It started in Madagascar across the entire west coast and then extended to Mozambique and Tanzania. Social responsibility and community development activities have been considered as part of the projects, leading to the building of hospitals and schools, electrification, and greater drinking water availability to ensure a better quality of life for the employees.
- Environmental responsibility is a major aspect of the Madagascar shrimp industry, which has recently been acknowledged by several nongovernmental organizations (NGOs), such as the World Wildlife Fund (WWF), and third-party certification groups. Activities like ecological surveillance of the bay and mangrove plantation programs are routinely undertaken at each production site. Being fully integrated vertically allows complete traceability, so products carry multiple labels, such as France's Label Rouge, which was created through a private partnership with WWF to recognize Aqualma's responsible environmental and social management. The projects conform to the recommendations made by FAO in its international principles for responsible shrimp farming aiming to create long-term sustainable business.[1]
- The Port of Toamasina (Tamatave) now includes a new berth for mining products and oil tanker vessels, built through an FDI thanks to the Ambatovy Mining Project (nickel and cobalt). After the privatization of the container terminal handling services, the industrial port complex now secures more than 80 percent of the tonnage transiting the country. Since the port is ideally located on the eastern route of the "giants of the seas" (Very Large Container Ships, or VLCS, of more than 10,000 TEUs, or Twenty-Foot Equivalent Units), the Malagasy government has signed an agreement for a Japanese bilateral cooperation evaluated at USD 660 million, which will be dedicated to a new, large extension of the port with a new draft allowance close to 16 meters. The historic work. planned over eight years in two phases — 2016–2020 and 2020–2024 — will employ thousands of workers and many contractors. This will make the Port of Toamasina a major actor in the Indian Ocean islands, and Madagascar will be able to play a key role in the new maritime routes between East and West, as Port Louis and Port Réunion do. Moreover, increasedship-based tourism activity with cruise ships will also be a likely benefit of the port's development.[2]

1 Le Groumellec, M., V. Rigolet, P. Duraisamy, M. Vandeputte, V.M. Rao. Fish Health Section, Asian Fisheries Society. Diseases in Asian Aquaculture VII, 291-308, 2011. Development of the shrimp industry in the Western Indian Ocean - a holistic approach of vertical integration, from domestication and biosecurity to product certification.

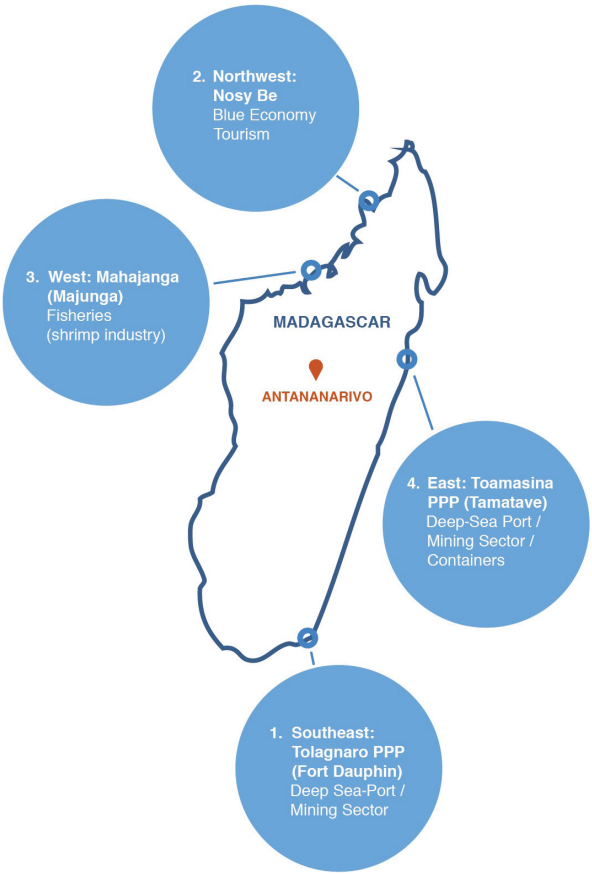
2 *http://www.transport.gov.mg/wp-content/pdf/Port-echo-3.pdf* (accessed 27 November 2015)

Case study 13 *(cntd.)*

Lessons

For Madagascar, the world's fourth-largest island and the widest island in the WIO, the Blue Economy concept is already an inherent and historical part of its development and culture. Notwithstanding the fact that the large majority of the population of Madagascar is naturally devoted to agriculture, the country's economic renewal will go through a proactive adoption of Blue solutions with respect to the island's unique wildlife and flora. A dedicated Blue Economy policy with various priority areas, including water management, implemented in an integrated manner is a key lesson for the future.

Figure 10: *Madagascar Blue development high spots*



Case study 14

Ocean energy policy of the Republic of Korea

South Korea's Sihwa Lake Tidal Power Station generates power from Lake Sihwa, with a generating capacity of 254 megawatts, making it the world's largest tidal energy generation plant.[43] The project, commissioned in 2011, is based on a seawall infrastructure originally put in place to deal with flood mitigation and agriculture. The implementation of this new energy technology on the sea was facilitated by:

1. National strategy on green growth prioritizing high-potential sectors.

2. Change in the energy policy that introduced Renewable Portfolio Standards in 2010, whereby 2 percent of energy by 2012 was expected from renewables, increasing to 8 percent by 2020 and 10 percent by 2022.[44]

This policy, along with existing flood protection and agricultural infrastructure on the lake, enabled pursuit of tidal energy from the sea. A private-public partnership in investment in project implementation was also key.

Lessons

The lessons from the South Korea approach to ocean energy development include: (1) a national policy setting the tone for green or Blue growth matters in guiding action in ocean energy development; (2) the importance of revising energy policies and integrating progressive policies to incentivize ocean energy development; (3) leveraging existing infrastructure, synergies, and opportunities for ocean energy development through an integrated approach; and (4) the facilitating role of private-public collaboration in financing ocean energy development.

43 *http://pemsea.org/eascongress/international-conference/presentation_t4-1_kim.pdf* (accessed 27 November 2015)

44 *http://www.business.kaist.edu/download/green/Project_RPS.pdf* (accessed 27 November 2015)

Step 5: Designing the Blue Economy policy

Policy, regulatory, and reform issues

The development of the Blue Economy policy and its subsequent implementation requires a framework for implementation and regulation. The body of information arising from the explosion of soft regulation could serve as a source base for the development of new laws or the reform of existing laws. In cases where the prevailing institutional frameworks may not be conducive to the successful development of the Blue Economy, reform may also be required. The policy formulation process should include consultation in order to outline

the nature of regulatory and reform recommendations that could potentially emerge.

Scenario building

The Blue Economy framework would provide scenarios of desired development outcomes utilizing integrated cross-sectoral and pragmatic approaches. Such scenarios should include baseline conditions and progressive implementation of the strategies and policies. They could also serve as an incentive for implementation.

High-level launch of the Blue Economy policy to ensure high-level political support and buy-in

A high-level launch of the policy formulation process communicates political support, relevance, buy-in, and ownership right from the inception phase of the process. It is, therefore, important that the launch of the process be organized at the highest level possible.

Institutional capacity and skills

Analysis of institutional and skills capacity is essential in order to define key intervention areas within the policy. Institutional capacity and skills-gap analysis tools can be utilized in this exercise.

Timelines and milestones

The policy framework needs to establish measurable milestones associated with timelines and requisite actions to achieve the milestones. The following can serve as considerations in setting the milestones and timelines: measurability of targets; measurability of performance toward targets; feasibility of the time span to achieve the milestones; classification of targets by short, medium, and long-term time spans; resource requirements to meet milestones; and ease of partnership building in pursuing the milestone, just to name a few.

Step 6: Policy implementation

Establishing institutional roles and functions for implementation

To guide the policy implementation process, the policy document must be clear about the roles and functions of implementing institutions. The allocation of roles would consider: mandates and capacity of identified institutions to perform the assigned roles; nonduplication of roles and functions; modalities

for joint roles and functions; accountability structure; and the possibility of synergy with existing institutional mandates.

Developing a plan of action

The Blue Economy policy, as part of the implementation modalities, needs to contain clear actions leading, or contributing, to measurable outcomes. The roles and responsibilities of the various stakeholders should be clearly identified, including careful consideration of capacity and resource mobilization. The plan could be organized into quick wins and medium- to long-term strategic outcomes.

Resource mobilization

Financing the Blue Economy will certainly be a challenge, given its multidimensional and multisectoral nature and the scarcity of resources in African States. In view of this, it will be important for them to prioritize their interventions and build their resource base accordingly.

The policy document should provide an initial assessment of resource requirements. The roles of the public sector, private sector, development partners, and traditional and nontraditional financiers need to be articulated. Innovative resource mobilization opportunities, such as a review of the tax regime, also need to be considered. The AU 2050 AIMS provides a resource strategy that could be used as a reference.

Step 7: Monitoring and Evaluation (M&E)

Developing a monitoring and evaluation framework

An effective M&E system should set out the roles and responsibilities of the relevant institutions. It would take into consideration contemporary methods and be based on, among other things, agreed KPIs, time-bound action plans, implementation stage measurements, progress reporting frameworks, mechanisms for periodic review of M&E reports, and evaluation accountability mechanisms.

Periodic review of the implementation progress

Periodic review of progress is a useful tool in monitoring the degree of implementation of the set policy targets. The policy document needs to outline the structure and nature of the periodic review process, roles and functions of assigned institutions, follow-up mechanisms, and the nature of reporting. The

document could contain suggestions for new interinstitutional periodic review mechanisms as required. The outcomes of the review should be made publicly available for subsequent comments and feedback. This reinforces the multi-stakeholder nature of the Blue Economy policy formulation process, strengthens ownership by all interested groups, and helps to make adjustments as needed.