



Keynote Speech

Sri Lanka's prospects for a blue economy

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Blue Economy and its Global Context

Blue Economy, also known as the ocean economy, encompasses a sustainable economy for the ocean based marine environment, related biodiversity, ecosystems, species and genetic resources, including marine living organisms and natural resources in the seabed, while ensuring their sustainable use.

A global level Cost Benefit Analysis (CBA) commissioned by the High-Level Panel for A Sustainable Ocean Economy (The Ocean Panel) to strengthen the evidence base of the forthcoming “Towards a Sustainable Ocean Economy” report in 2020. Based on the results, the Ocean Panel proposes that a sustainable ocean economy can simultaneously deliver on three dimensions at the global level. They are 1. protect: reduce greenhouse gas (GHG) emissions while safeguarding biodiversity; 2. produce: contribute to sustainably powering and feeding a planet of 9.7 billion people in 2050; and 3. prosper: create better jobs and support more equitable economic growth, household income and well-being with generating more benefits than the costs incurred in doing so with attractive returns on investment. The study indicates, on the whole, sustainable ocean-based investments yield benefits at least five times greater than the costs. Over 30 years, investing US\$ 2.0–\$ 3.7 trillion globally across the four areas would generate a net benefit of \$ 8.2–\$ 22.8 trillion. (High-Level Panel on Ocean Economy, undated).

Ocean-based industries such as fishing, offshore energy, shipping and coastal tourism had been conservatively estimated to be 3.5–7.0 percent of world gross domestic product, a value that was predicted to double by 2030. As of 2010, ocean-based industries contributed some 31 million direct full-time jobs, and the number is estimated to be higher when considering jobs provided via informal or artisanal employment (High-Level Panel on Ocean Economy, undated).

Blue Economy opportunities for Sri Lanka

Given the Sri Lanka’s strategic position in the Indian Ocean with its large extent of EEZ - approximately eight times of its land area, the Blue Economy presents Sri Lanka with great opportunities to address pressing socioeconomic challenges that it encounters. It is evident that the sustainable management of these marine resources are capable in creating jobs, promoting social inclusion, and driving economic growth in coastal communities while safeguarding marine biodiversity and ecosystem health.

One of Sri Lanka’s key Blue Economy sectors is the fisheries, where untapped value of nearly 40-50% of fishery waste discarded annually. Improving technology to minimize fishery waste and transforming waste into products of value could enhance profitability and reduce ecological footprint of fishing in associated coastal and marine areas. Additionally, appropriate expansion of mariculture, seaweed culture, and sustainable aquaculture practices would support biodiversity, create employment, and capable in contributing to managing pollutions. Vast potential for harnessing renewable energy from ocean resources (mostly wind and wave energy), could



contributes to Blue Economy and enhances the progress towards achieving Sri Lanka's net zero target by 2050 and building overall climate resilience of people and nature. Further expansion of Marine and coastal tourism is another important economic area. Segments of nature based and cultural/heritage tourism in protected and conserved marine areas, coastal ecosystems such as lagoons, and coral reefs provides sustainable alternatives to predominant mass tourism models can promote local economic growth with contributions to coastal and marine conservation areas and habitats.

Sri Lanka's Blue Economy ambitions are supported by its active participation in international frameworks such as the Commonwealth Blue Charter and the UN Decade of Ocean Science for Sustainable Development and engagements with multilateral environmental agreements. In its current role as chair (2024- 2025) of the Indian Ocean Rim Association (IORA), Sri Lanka is in a position to explore opportunities and to lead regional initiatives, promoting shared governance and resource management across the Indian Ocean region.

As indicated by UNDP and LKI (2023), Sri Lanka's Blue Economy strategy has to integrate economic development with environmental responsibility, building a resilient framework to support long-term growth. By fostering a sustainable approach across fisheries, tourism, energy, and conservation, Sri Lanka can unlock its ocean economy's full potential, providing economic stability, reducing environmental impacts, and setting an example for other Indian Ocean and small island developing nations. Through cohesive policy action, international partnerships, and community engagement, Sri Lanka is well-positioned to lead by example, harnessing its Blue Economy to promote an inclusive, sustainable future for generations to come.

To achieve this vision, it will be critical to take action to transform ocean-based economic sectors and ecosystems towards sustainability. A recent position paper by the UNDP and the Lakshman Kadirgamar Institute (LKI) outlines strategic frameworks such as the Marine Spatial Plan (MSP), advocating for integrated ocean governance that aligns conservation goals with economic aspirations. This plan encourages an inclusive, multisector approach by engaging government, private industry, and civil society, creating a cohesive structure for economic development grounded in sustainability (UNDP and LKI, 2023).

Some Areas for Consideration in Pathway to Blue Economy in Sri Lanka

Sustainable Ocean Planning: As highlighted by the Ocean Panel, for sustainably manage 100% of the ocean area under national jurisdiction and to realize the transformations, countries need to develop and implement a Sustainable Ocean Plan. Doing so can provide governments, citizens, businesses, coastal communities, and other stakeholders with a range of economic, social and environmental benefits over time. The best tool for ocean planning today is Marine Spatial Planning (MSP) it has been highlighted as a priority by many (Kumara, 2017) nearly a decade now. In this light, the government of Sri Lanka is in the process of its MSP roadmap launching in immediate future and paving the base for full scale MSP to achieve this task. If the incumbent government grasp this opportunity initiated by Ministry of Finance along with other national level stakeholders, there will be an unprecedented opportunity to launch a full scale MSP reaping blue economy benefits with the support of other parallel initiatives taken by international organizations and foreign funded projects.

Highest Level Patronage to be given to Blue Economy: lack of progress in ocean planning by way of implementing MSP is mainly due to siloed approach that we have in the country in managing a vast resource like ocean with overlapping and sometimes ambiguity in mandates. Therefore, it is proposed that a separate and dedicated Secretariat be established under the Presidential Secretariat with direct guidance with the president for fostering Blue Economy to steer and consolidated the



efforts towards Blue Economy in getting all relevant agencies and stakeholders engaged. This will also help accessing direct external support to Sri Lanka in the lines of Blue Economy and even foreign direct investment (FDI) to advancement from where we are today towards properly managed ocean area with ensuring its maximum sustainability under our national jurisdiction in foreseeable future with country ownership.

Make use of the existing global networks: There are many networks working on sustainable ocean economy / Blue Economy that Sri Lanka could leapfrog in sustainable ocean economy benefitting from the wealth of knowledge available including guidance, case studies and technical assistance. Furthermore, becoming members of these networks and active engagement as a government will be beneficial to expedite the journey towards Blue Economy with the use of experience of other nations. Two of most prominent such initiatives are: The High-Level Panel for A Sustainable Ocean Economy (The Ocean Panel) and Global Ocean Accounting Partnership (GOAP).

Factoring Value of Nature into Decision-making: Dasgupta Review (Dasgupta, 2021) elaborates that much of Nature and the processes governing it are silent and invisible and make it impossible for markets to record adequately the use we make of Nature's goods and services. That inadequacy extends naturally to the goods and services that we produce from nature, including from the ocean. There is thus an inevitable wedge between the market prices of goods and services and their social scarcity values. This has far reached implications for our conception of our place in Nature. Low market prices for Nature's goods and services have encouraged us to regard ourselves as being external to Nature. Sri Lanka has just commissioned a project under the Global Environmental facility (GEF) cycle 7 project on Natural Capital Assessment and Accounting NCAA on coastal resources and in a blended financing project titled Sri Lanka Coral Reef Initiative with funding from the Global Fund for Coral Reefs (GFCR). Wider awareness raising in the area of investing in nature needs to be launched to capitalize on opportunities available for Sri Lanka to come out of the economic crisis with factoring nature into decision making especially into ocean decision-making.

Research and Development: Research is of paramount importance in harnessing the full potential offered by the vast blue resources surrounded by Sri Lanka. Having national research priorities, collaboration between universities and research organizations in Sri Lanka and cooperation and collaboration with regional and global research is vital for the Blue Economy approach. Controversies to be minimized in accommodating providing access to vessels and aircrafts for research by way of establishing a transparent standard operating procedure (SOPs) to guide future decisions on approval of foreign research vessels / aircrafts facilitating joint research in our waters in a nonaligned manner with any party. As highlighted by UNDP and LKI (2023) the development of the Blue Economy with a science-based approach is essential and integral as that will provide a basis for informed decision-making and adaptive management. This underlines the importance of technical assistance, technology transfer and capacity building to the pursuit of sustainable development. Applied and long-term research for blue economy in catering to the industry needs to be identified and given prominence.

Biotechnology: There is a growing global market for marine biotechnology products and processes. It is estimated to be around US \$ 6.3 billion in 2023 and expected to be around US\$ 13.6 billion by 2034. As of 2023, North America has the main market share capturing 44% of it. This is also an area needs to be considered for exploration with better planning with collaborative partnerships in Sri Lankan waters. Provisions under the Access and Benefit Sharing under the Nagoya Protocol of the UN Conventional Biological Diversity explored and legal framework to be established to benefit from bioprospecting in our EEZ. Marine biotech may make critical contributions in development of new antibiotics and algal based biofuels through right partnerships and strong legal backing. In



this aspect, regional and global framework of Blue Economy become essential and useful which is already embedded in BE concepts.

Maritime safety and security: Sri Lanka being a strategic node of the Sea Lanes of Communication (SLOC), venture into providing maritime safety and security services for safe navigation of commercial vessels in the Indian ocean region. Foster regional corporation through Indian Ocean Rim Association (IORA) capitalizing on Sri Lanka’s current Chairmanship, stronger cooperation among defense establishments, data and vital information sharing, joint naval exercises and coordination with global partners make this effort more efficient and successful. .

Innovative financing: The government must also find innovative ways to unlock financing in the public sector. Previous blue economic case studies have employed climate finance instruments, such as debt-for-nature swaps and blue bonds, that have used private finance to raise public funds. The government must develop a blue economic framework that outlines clear priorities that feed into a sustainable economic development strategy. Such a framework would provide guidance to Sri Lankan policymakers within the government but also communicate priorities to private investors, who can target sectors that stand to benefit from the blue economic model. Climate finance and other conservation investments will only take place with investor confidence, which is enabled through such strategic frameworks. Therefore, it is vital that the government take the appropriate steps to kickstart this development process to unlock the potential of the Blue Economy without further delaying.

Nature Solutions Finance (NSF) Hub: This is the most recent initiative that was launched at the IUCN’s 8th Regional Conservation Congress in September 2024. It is a project by ADB to specifically focus on catalyzing finance into Nature-based Solutions (NbS) to support nature-based climate actions and biodiversity conservation. Its establishment will be an opportunity to develop innovative solutions to address the intertwined crises of nature and climate. The NSF Hub's goal is to increase investments in NbS projects across Asia and the Pacific by proactively developing scalable and bankable demonstration projects by creating a platform with practical NbS solutions centered around innovative finance approaches. It aims to do this through a partnership approach with global development entities in the nature space along with concessional fund sources who can work together with ADB under a focused roadmap of activities. This new initiative will help us accessing funding for Blue Economy related matters where NbS is a part.

Potential for Blue Bonds in Sri Lanka: It can be considered the time is opportune for Sri Lanka to go for innovative conservation financing. Interestingly enabling environment is already created in Sri Lanka in many ways. For instance, the Central Bank of Sri Lanka (CBSL) came up with Sustainable Financing Road Map for Sri Lanka in 2021 followed by Sri Lanka Green Financing Taxonomy in 2022. The BIOFIN project in Sri Lanka assisted (Biodiversity Financing Initiative of UNDP) in formulating Biodiversity Financing Plan in 2018 for the Ministry of Environment which as presented to CBSL and Ministry of Finance then.

Sri Lanka's journey towards Blue Economy is suggested to be expedited by taking it under Presidential Secretariat giving the highest level of priority with a clear policy, strategy and an action plan. In this regard, the Position Paper on Sri Lanka’s Blue Economy by UNDP and LKI, 2023 provides a better way forward. Desire for Blue Economy for Sri Lanka should go beyond its current document process to a gradual implementation process, and it should become the vision for the ocean based sustainable development by achieving economic growth, environmental conservation and social equity.



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