Ocean Finance

The Ocean is the ultimate resource for all. It covers 70% of the Earth’s surface, is the planet’s largest biosphere and is home to 50–80% of life on Earth. The Ocean generates 50% of the Earth’s oxygen and absorbs 25% of all CO$_2$ emissions and 90% of the additional heat generated from those emissions – making it the largest carbon sink on the planet. Goods and services from the Ocean amount to about USD$2.5 trillion each year, making the Ocean the seventh largest economy in the world in terms of gross domestic product. Moreover, it feeds 3 billion people who depend on a healthy Ocean for their primary source of protein, a figure that could double in 20 years.

However, the Ocean is in trouble. Nearly 90% of global fish stocks are either over-exploited or fully exploited. Acidification and warming seas are causing widespread death of coral reefs. About 100 million sharks are killed each year merely for their fins, and half of all vertebrate marine animal populations have declined in just the past 40 years. With 80% of people living within 100 kilometres of the Ocean and three-quarters of the world’s mega-cities by the sea, 80% of pollution in the Ocean is from land-based sources. Should practices not change, we will have more plastics than fish in the Ocean by 2050.

In recent years, the Ocean has been rising rapidly up the international agenda (e.g. G7, G20, UN), with recognition that in order to safeguard the marine environment and its value for future generations, a radical system change is needed across key spheres of activity.

Investing for change and mobilising the right financing mechanisms is key to shifting to the sustainable management of the Ocean. There are no comprehensive assessments of the investment requirements for this. The economic losses stemming from unsustainable management marine fisheries and the impacts of climate change and pollution, would range between USD$46 billion and USD$90 billion annually, according to a joint FAO-World Bank report.

As companies, financial institutions and policy-makers realise the business case for investing in the Ocean, particularly in light of global sustainability targets, they are increasingly aware of the need to shift capital flows to sustainable Ocean solutions that benefit both economies and the environment.
Areas of possible focus

Investment in infrastructure has been identified as a critical area to focus on, with an estimated USD$90 trillion due to be spent on infrastructure in the next two decades, 60% of which is likely to be on coastlines or in proximity to the Ocean. It is critical to ensure that this investment does not have a negative impact either on the integrity of the marine ecosystem or on efforts to reduce carbon emissions. Other sectors of the marine economy such as aquaculture, tourism, marine energy and off-shore developments also need to be considered as part of a broader investment strategy.

The support of both the public and private sector for this long-term sustainable development paradigm is essential, and multilateral funders and commercial finance institutions have a key role to play in this respect. Future investments must ensure environmentally and socially sustainable development and growth within the context of science-based conservation, management and protection of Ocean and coastal resources and ecosystems, including ecosystem services.

The Friends of Ocean Action is exploring the opportunities for, risks of and barriers to deploying innovative solutions for sustainable investment in the Ocean and how these solutions can be scaled up to bring innovators into this space. Part of this work is examining the possibility of encouraging greater capital flow into the development of zero carbon infrastructure and what role countries can play to meet their Paris commitments and SDG 14 targets while also expanding their coastal infrastructure in response to climate change.

The Friends of Ocean Action is therefore seeking to demonstrate the economic opportunities of Ocean finance, e.g. the cost arising from damage to the Ocean to humanity, fisheries, people’s health and collateral impacts; the cost and timing of restoration; the long-term economic benefits; the business case and return on investment deriving from a healthy Ocean; and a standard to measure performance, including a baseline and a target.

This approach will highlight the return on investment possible in Ocean innovation (i.e. the business case for investing in the Ocean and associated technological solutions), as well as illustrating the costs of inaction to fisheries and people’s health, and the expense of restoration.

The Friends of Ocean Action’s members or ‘Friends’ are seeking to partner or work with others to create and launch a major investable fund that brings together existing initiatives into a cohesive financing strategy and bring to it investable innovations and high impact solutions for Ocean management.

For more information, please contact: Ocean2020@weforum.org

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