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Talking Points for 'Keynote Evening Dinner Address'

"Sustainable Development of the Oceans: An integrated approach"

Honorable Ministers, Secretary-General of IORA, and distinguished colleagues from government development partner, agency friends, thank you for joining together at this Indian Ocean Rim Association First Ministerial Conference on the Blue Economy. It is the first time the World Bank Group is participating in an IORA meeting. I trust this is the start of a trend.

First allow me to thank the Government of Mauritius, in particular Ministers E. Sinatambou (Foreign Affairs) and Koonjoo (Minister of Ocean Economy) and Ambassador Bhagirath (SG, IORA) for hosting on its own beautiful pristine shores.

My name is Paula Caballero. As Senior Director of the Global Practice on Environment and Natural Resource at the World Bank, it is my distinct honor to be here with you tonight and over the next day.

We are here in Mauritius, in the Indian Ocean, the world's third largest oceanic division, where approximately twenty percent of the Earth's surface is covered by water.

The countries gathered here today through such high level participation therefore represent the leadership and potential of our oceans. Many Indian Ocean Rim Member States have championed the cause of oceans for years. Now we have an SDG on oceans.

The coming years will be decisive in determining whether human systems can put our economies and societies on sustainable trajectories that can generate inclusive growth over the longer term. Increasingly we are all looking to the oceans – a decisive horizon for the 21=

This can be achieved only if we approach the coastal and marine space through the lens of integration – beyond sectoral silos to truly address different drivers and externalities. Similarly, we need to also look at the future through the lens of regional cooperation.

As one of the leading architects of the SDGs in my previous position, I can assure you that the promise and potential of the SDGs resides in multi-sectoral approaches. The oceans and coasts face a multitude of demands and drivers, and are one space where we must advance holistic approaches.

I am therefore delighted that the draft Declaration affirms that the Blue Economy paradigm is founded on the ecosystem approach, and tacitly acknowledges that human health is predicated on planetary health.

The Declaration is a decisive signal to the upcoming events in NY and to COP21

As the world increasingly turns its eyes and investments to the ocean, Indian Ocean Rim countries are poised to take on exemplary leadership.

This is critical because globally, oceans directly support the livelihoods of more than 300 million people. Along the value chain, many of the jobs are held by women. About 1 billion people in developing countries rely on seafood as a primary source of animal protein. And a large number of developing coastal and island nations depend on tourism and fisheries for a significant part of GDP and public revenues.

The ocean is also a major sink for GHG and the fate of growing coastal populations is tied to the state of natural coastline defenses against extreme weather events. Clearly the "blue economy" rests at the heart of our main development challenges: feeding, providing jobs to and generally improving the lives of a growing population in a changing climate.

There's a reason why the blue economy is now in vogue. We have a golden opportunity to put countries on a more sustainable and successful trajectory by better integrating ocean management and sustainability considerations into decision-making.

The blue ocean economy agenda is everybody's business. It's the government, the private sector (including food, pharmaceuticals, hotel and shipping industries), research and academia, NGOs, and CSOs

The spirit of cooperation and lessons sharing, evident in this room, bodes well for oceans. As we all know, developing the ocean economy in a sustainable manner will require that we look beyond our borders and jurisdiction, beyond our EEZ, and cooperate in ways where everybody is a winner. The work that regional organizations such as the Indian Ocean Commission has been doing is encouraging on this front.

The fact that Mauritius is co-sharing with Seychelles part of their EEZ is also quite an extraordinary story on effective diplomacy and sustained relationships amongst countries. The same goes for South-South support that countries like India, China, South Africa, Indonesia, and others (donors such as Australia, France, USA) are providing to their neighbors. Regional cooperation in maritime security and tackling piracy, for example, was key. We now need to put all our collective efforts together, translate the vision that many have championed, bring resources and partnerships at scale, and make it work for all

There is no time to lose. The Indian Ocean countries' ocean, climate and development agendas are inextricably linked. If left unaddressed, climate variability and change will jeopardize hard-won development gains and aspirations for further growth and poverty reduction.

The adverse impacts of climate change are affecting the countries here tonight. Average annual losses due to climate-related events were around 1% of GDP globally over a 40 year period spanning 1970-2010. But in some countries, particularly vulnerable island countries, estimated losses from a single event have been as high as 60 percent of GDP – I'm thinking for example of Vanuatu where the loss and damage following cyclone Pam was estimated as of June 2015 to be in the order of \$450 million or 64% of the island's GDP.

Part 2. How the World Bank can help

Let me turn now to how the World Bank is engaging with countries in this high priority development space.

The blue economy is one of the three main business lines in the World Bank's new Environment and Natural Resources Global Practice which I lead.

Current portfolio of active projects contributing to ocean health is about \$6.4 billion (\$1bn in sustainable fisheries/aquaculture/habitat conservation; \$5.4bn in pollution management; coastal infrastructure and watershed management).

Given our corporate mission, our primary focus is on creating lasting pathways out of poverty so that people can lead dignified lives. We privilege the small holder and artisanal fisherfolk

We're doing this in 3 ways: by supporting policy reforms, leveraging financing and investing in analysis. We work with countries to improve ocean governance, to build a pipeline of investable projects and to gather and share the best available knowledge. Let me go briefly into all three areas.

Governance

The WBG is ramping up its support for public reforms that can clarify the rules of the game, better define rights and responsibilities, reduce the risk for ocean investment, and attract public and private investment.

For example, we're working in the Pacific Islands region to strengthen tuna fisheries management, create conservation incentives for distant water fishing nations, and attract private investment. We believe that access to better-managed resources will make Pacific Island countries more competitive in a global market and further increase revenues for development. Clearly defined user rights also have a key role to play in the development of sustainable tourism and effective pollution control.

Financing

The WB is also actively engaged in thinking through financing options. Fisheries are often perceived as too risky for investors. Governance reforms can help address some of that risk but a number of issues remain: what type of investors would potentially be interested in blue economy projects; how can policies facilitate investments by improving investor confidence; how can we make sure small scale operators have access to capital?

We're learning for example from the success of Green Bonds, which have attracted both institutional investors, such as pension funds, as well as smaller investors who wish to reflect their values and ethics in their investment decisions. Beating expectations, there were \$35 billion in green bonds issued in 2014, up from \$11 billion the year before.

Can we expand this success to Blue projects? We believe that blue bonds could expand both issuer and investor bases and increase transparency and indices of investment in healthy oceans.

We need a good deal of creativity to fill the investment gap and make the Blue economy a reality. We expect our expanded program on fisheries and aquatic resources -- PROFISH+ -- to help test some of these ideas, by funding upstream business model analysis and innovative pilots to identify bankable projects that can later be scaled up and financed by IDA, IBRD, IFC and WBG partners.

Ocean projects could become the darling of social impact investors: after all, they can deliver multiple wins including on gender, biodiversity, jobs, food security, and storm protection.

We also have a lot to learn from the experience of Seychelles which was able to strike a ground breaking deal with the Paris Club group of creditors and South Africa and unlock significant financing (\$30 mln) for marine conservation efforts to become more resilient against climate change.

In this area of development like in many others, scale is crucial: growing populations and an emerging middle classes translate into rapidly growing demand for fish protein that will stress the world's fisheries even further unless sustainable, integrated approaches are put in place. Which is why I'm very much looking forward to hearing about the discussions you will be having at this conference.

Analysis

Last but not least, the Bank invests in analysis and data, to better equip frontline decision makers like yourselves to weigh development options and invest in the best possible future for your people and the planet.

Through PROFISH+, the World Bank will continue generating information, knowledge products and expertise to help ensure that fisheries and aquaculture create sustainable wealth and reduce poverty.

Many of you are familiar with the top-notch economic analysis such as The Sunken Billions, Fish to 2030, and Trade in Fishing Services that PROFISH has delivered.

Fish to 2030, for example, found that aquaculture will likely provide close to two thirds of global food fish consumption by 2030 as catches from wild capture fisheries level off and demand from an emerging global middle class, especially in China, substantially increases. Sustainable fish farming is an opportunity for jobs and livelihoods.

This fall we will be releasing an update to the seminal report the Sunken Billions. First published in 2009, it raised global awareness that the world was foregoing about \$50 to 70 billion every year (in 2004 dollars) due to suboptimal management of the global marine fisheries. Updated figures show that global marine fisheries appear to have registered a modest improvement between 2004 and 2012. But that the pace of reform is still too low. At current pace of progress, it is estimated that the world's oceans would only reach an optimal state around 2080 -

Conclusion

The case for urgent action and innovation is clear. The future of your people, their ability to thrive from the ocean resources at their doorstep, is in the balance. Please consider the World Bank a partner of choice on your path toward blue, sustainable growth.

I apologize that I will not be able to stay longer for the Ministerial beyond the 2nd September due to other mission plans but take my presence here as confirmation of our commitment to supporting your leadership.

I wish you all a very successful Conference.