



OPERATIONAL BRIEF

# *Developing and Incentivizing Institutions*

BLUE ECONOMY FOR RESILIENT AFRICA PROGRAM

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# About the Blue Economy for Resilient Africa Program

The Blue Economy generated nearly US\$300 billion for the African continent in 2018, creating 49 million jobs in the process. These and other crucial benefits—most notably food security, livelihoods, biodiversity, and resilience to the effects of climate change—are entirely dependent on the health and productivity of coastal and marine areas.

By safeguarding productive coastal landscapes, countries will be in a better position to take full advantage of future Blue Economy opportunities, which range from sustainable blue energy to aquaculture to blue carbon.

The World Bank's Blue Economy for Resilient Africa Program, announced at COP27, will provide multisectoral analytical, financial, and policy support to Africa's coastal countries and island states to help them leverage the opportunities—and manage the risks—inherent in scaling up their Blue Economies.

## About this series of briefs

The Blue Solutions for Africa series of operational briefs captures how a thriving Blue Economy can help African countries better manage the development challenges they face while supporting economic growth, sustainable livelihoods, and the health of these precious ecosystems.

### THE BRIEFS COVER THE FOLLOWING THEMATIC AREAS

- Climate change
- Coastal and marine biodiversity and habitats
- Sustainable fisheries
- Marine pollution
- Jobs and livelihoods
- Participatory marine spatial planning
- Data management and knowledge creation
- Innovative financing instruments
- Developing and incentivizing institutions
- New frontiers of innovation



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# Key Messages



To develop the resilient Blue Economy, the African continent needs coordinated institutions with the necessary skills and capacity, backed by clear mandates.



Horizontal coordination can be improved by developing adequate institutional frameworks to guide planning and activities across various sectors, levels, and jurisdictional boundaries.



Vertical coordination across national and subnational blue sector institutions also needs to be improved.



Thematic coordination involves identifying common development challenges that require coordinated action across agencies at the national and local level. Climate change adaptation, jobs, and livelihoods are important examples of such shared challenges.



Coordinated, integrated information systems will strengthen data and knowledge creation and dissemination to support decision-making.



A sustainable Blue Economy requires spatial coordination of the coastal territories to avoid compounding risks and to leverage development opportunities across sectors for multiple economic and livelihood benefits.



# Introduction

The Blue Economy in Africa, with its extensive aquatic and marine resources, is expected to play a major role in the continent's climate adaptation, presenting distinct opportunities to generate jobs and encourage economic growth while addressing the concerns of food security and climate resiliency.

However, sustainable and resilient Blue Economy activities and projects can be hamstrung by fragmented policies, unrealistic budgets, and limited cooperation across blue sectors. To address these challenges, the World Bank is currently supporting African countries at both the national and regional level to develop operational arrangements foster coordination in managing the ocean and Africa's coastline, and avoid siloed approaches. Success combines development opportunities with nature-based solutions, in which the different ministries collaborate to arrive at governance structures that smooth out conflicting goals, and use incentives to trigger transformation.

## The Challenge

The African continent faces numerous challenges related to climate change, including increased drought, intense and stronger heat waves, storms, rising sea levels, melting glaciers, floods, cyclones, and wildfires.

Climate change and natural disasters impact on everyone's well-being and development, but their effects on vulnerable populations are particularly serious. By 2030, it is estimated that 118 million extremely poor people across the continent will be exposed to floods, drought, and extreme heat. Africa's marine and coastal systems or related food production will be affected by these impacts.

The Blue Economy will play a major role in Africa's climate adaptation. The continent has extensive aquatic and marine resources and, overall, significant potential for Blue Economy growth. Such initiatives—which range from sustainable fisheries and aquaculture to marine renewable energy and sustainable coastal tourism—present distinct opportunities to

diversify the economy, generate jobs and growth, and address the concerns of food security and climate resilience. To achieve these developmental objectives, Blue Economy initiatives need to be developed in a coordinated and integrated manner.

However, in Africa, Blue Economy activities and projects typically suffer from fragmented policies, poor budget planning, and limited inter-sectoral cooperation across blue sectors. Siloed, sector-based approaches usually lead to inefficient resource use and, in some cases, cause conflicts between users over both resources and space. Historical lack of coordination in Africa also reduces investment opportunities, undermining the potential for job creation—particularly for women and the youth—and for business development.

### ON THE AFRICAN CONTINENT, THE MAIN CHALLENGES TO IMPLEMENTING A SUCCESSFUL BLUE ECONOMY INSTITUTIONAL FRAMEWORK INCLUDE:



**Inconsistent policies** across sectors and at different governance levels



**A lack of integrated information systems** to support decision-making



**Lack of focus on key sectoral development issues that require systemic improvement** to promote sustainable investments that drive economic growth and COVID-19 recovery while improving coastal protection. Climate change adaptation is one such issue



**Limitations to existing coordination mechanisms** to support an integrated institutional framework for the Blue Economy.

This pattern of challenges was confirmed in the [Africa Blue Economy Strategy of the African Union](#), which stated:

“Underpinning these challenges, are significant institutional and challenges that continue to constrain the ability of AU member states to effectively formulate and implement policies relating to the growth of the relatively new Blue Economy concept. Moreover, many member states' environmental laws and policies are from the older generation, when issues of the Blue Economy and climate change were absent from the development agenda.”



# What is Needed

To address these challenges, the World Bank is supporting African countries at the national and regional levels to develop operational arrangements that foster coordination and avoid siloed sector-based approaches that lead to inefficient resource use. The key to this approach—and one that seeks to appropriately develop the institutional framework and strengthen sectors for a climate-resilient Blue Economy—is ensuring coordination between sectors, nations, regions, and continents. This can be achieved by creating holistic government programs that facilitate coordination and synergy among the blue sectors that rely on both the coast and the sea.

## SUPPORT NEEDS TO FOCUS ON:



Developing adequate institutional frameworks that can address the coordination and planning challenges arising from multidisciplinary programs and activities across sectoral and jurisdictional boundaries.



Strengthening country systems for the effective use of funds and successful implementation of blue initiatives.



Strengthening key blue sectors across relevant national and subnational institutions to operate in a sustainable and resilient manner, with coordination and integration.

The development of Africa's Blue Economy is not just a country-level challenge. It is directly linked to the management of transboundary resources, which call for integrated approaches at the regional and continental level. To facilitate cooperation across borders and regions, it is necessary to:

- **Bring together African countries and international organizations** to support the implementation of the African Union Blue Economy Strategy and its long-term vision, among other such strategies.
- **Roll out sustainable collaboration mechanisms at the international level** to support the development of a resilient Blue Economy by targeting dimensions such as sustainable fisheries, the protection and restoration of key ecosystems, and blue-based climate change mitigation and adaptation solutions.

# How the World Bank Group Contributes to Solutions

The World Bank works with institutions at the international, national, and subnational level to implement successful Blue Economy solutions for Africa that can be scaled up to promote cross-country collaboration that can serve as the basis for a concrete, Africa-wide approach to the Blue Economy. Its overall aim is to align key blue sectors and institutions on the continent around national and international development objectives that support the Blue Economy on the continent.





As a starting point, the World Bank works with African ministries at the national or federal government level on financing initiatives that aim to integrate and coordinate Blue Economy activities.

Efforts at collaboration are beginning to achieve improved vertical and horizontal institutional coordination, both within and between relevant sectors. The sectors that have been identified as being central to developing the Blue Economy include fisheries and aquaculture; coastal and marine tourism; marine renewable energy generation (for example, offshore wind energy); desalination; marine biotechnology; maritime transportation; ports and other coastal infrastructure; wastewater and solid waste management (especially in coastal areas); forests; and spatial planning.



The World Bank’s approach to developing public institutions that are capacitated to drive the growth of the Blue Economy typically focuses on:

- **Establishing coordination mechanisms**—such as inter-ministerial commissions or regional coordination mechanisms—that can help guide and oversee investments in blue sector activities. These mechanisms can also strengthen key blue sectors in government programs so that they are able to adhere to a framework of integration and coordination (see “Driving regional solutions for West Africa”).
- **Providing incentive frameworks.** In some cases, existing efforts to coordinate and drive the Blue Economy are not effective. Results-based approaches provide incentives to bring stakeholders back together to collaborate on delivering shared objectives. One such instrument is the World Bank’s Program for Results, which rewards countries for achieving specific results (see “Incentivizing results in Morocco”).
- **Supporting the development of integrated government programs.** The World Bank provides tools for intersectoral coordination and the joint pursuit of regional and national Blue Economy objectives.
- **The development of regional/continental approaches.** Using these approaches, the World Bank can support countries’ efforts to improve the management of their shared coastal resources and reduce the natural and man-made risks affecting coastal communities. They can also boost the transfer of knowledge, foster political dialogue among countries, and mobilize public and private finance to tackle coastal erosion, flooding, pollution, and climate-change adaptation. These approaches can include regional integration and support activities, as well as a platform as mechanism to scale-up knowledge, dialogue and finance.

Given that results-based financing uses budget programming as the basis for transformational incentives, this has a direct leverage effect on public and international funding into Africa aimed at the protection, management, and sustainable use of blue assets. Specifically, the creation of coordination mechanisms will bring not only coherence and coordination into public financing to develop the Blue Economy, but will also include the creation of a “bank of projects” to ensure sustained blue financing and will act as a mechanism to channel adaptation financing flows for the relevant African countries.

A unique aspect of results-based financing is that it supports the establishment of government programs in developing the Blue Economy in an integrated manner. This means governments require highly specialized support, initially, to develop institutional arrangements, organize consultations, conduct underpinning analytical work, and enhance the capacity of all the stakeholders—starting with the ministries that are taking the lead in developing the Blue Economy. The use of the World Bank Program for Results instrument, in these cases, responds to demands from the World Bank’s client governments, who are implementing their own development programs. Increasingly, these governments require financing partners and expertise to improve the effectiveness and efficiency of their programs in achieving results in the Blue Economy space.

New government programs, such as those mentioned in the case studies, could serve as models for an integrated, cross-sectoral Blue Economy program in Africa. A typical example is the program led by the Ministry of Economy and Finance, and their partners in Morocco, which could inspire similar actions in other countries in Africa and beyond.

In the case of Morocco, the World Bank supports innovative approaches towards the establishment of the Blue Economy. For example, Morocco will be able to establish a behavioral science unit to guide an integrated budgeting process across blue sectors, and will pilot a training program for collaborative Blue Economy leadership. The application of behavioral science and collaborative leadership for the Blue Economy is a unique endeavor that has not been tested elsewhere. Morocco will also be able to measure the progress of the Blue Economy by gathering environmental and socioeconomic indicators, and compiling data into a comprehensive data portal.

Case study

DRIVING REGIONAL SOLUTIONS FOR WEST AFRICA

The World Bank’s [West Africa Coastal Areas Resilience Investment Project \(WACA\)](#) is a multi-country regional project that supports the resilience of coastal communities and assets in Benin, Côte d’Ivoire, Mauritania, São Tomé and Príncipe, Senegal, and Togo.

The project was developed in response to requests by these countries for solutions and finance to help safeguard social and economic assets along their shared coastline against coastal erosion and flooding in particular. It provides technical assistance, investment finance, and convening support to bring in additional partners, which is needed to mobilize resources at the required scale.

On the institutional development front, the project also supports the development of policy frameworks and tools to help countries develop and implement coastal management strategies and plans at the national and regional level. These plans need to be sensitive to local land rights security while remaining cognizant of the need to align with central, local, and transboundary plans. To help countries develop and implement coastal management plans, the project provides technical and financial assistance with:

- Reviewing existing laws and regulations, including making recommendations to harmonize laws and fill in gaps.
- Strengthening environmental and social impact assessment systems, including developing assessment guidelines for coastal planning and infrastructure
- Developing contingency plans for events with transboundary impact, such as oil spills.

The project further helps to identify and create an enabling environment for public-private partnerships that have the potential to mobilize financial resources needed to drive integrated coastal management and Blue Economy activities.



## Case study

## INCENTIVIZING RESULTS IN MOROCCO

The World Bank recently launched a Program for Results in Morocco in support of the government's ambitious national Blue Economy program, which seeks to build more inclusive and resilient blue assets in order to improve national food security, create jobs and build the economy, and protect the country's natural resources.

The success of the government program relies on cooperation between and within ministries, sectors, and regions to maximize the benefits of the sustainable use of marine and coastal assets. The program is being coordinated by the Ministry of Economy and Finance, and will be implemented by all sectors and regions involved in Blue Economy activities.

One of the main vehicles of the program is an inter-ministerial commission, which is tasked with guiding the preparation and implementation of the overall Blue Economy strategy, streamlining public investment in the Blue Economy, and promoting coordinated programming and budgeting. A coastal cluster approach will be used to coordinate effort at the regional level within Morocco. These clusters will cover both public programs and projects, as well as private investment into economic

growth and job creation, while ensuring sustainable resource management.

The World Bank has initiated a US\$438.9 million, five-year [Program for Results \(PforR\)](#) to support Morocco's national Blue Economy program. Of this, US\$350 million will be financed via a World Bank loan, with the Government of Morocco financing the rest. The PforR seeks to address limited horizontal coordination, limited policy coherence, limited public interventions, and the degradation of ecosystems and their resilience to climate change—all of which can undermine the productivity of Morocco's Blue Economy sectors. *Figure 1* shows the structure of the program, and key result areas and activities.

### PforR will provide key investments to accelerate BE development in the targeted areas



#### Scientific bases established to guide decision-making

- 3.9 million ha of coastal areas are assessed by remote sensing
- 204 beaches are covered by environment monitoring programs
- 17 fish stocks are assessed



#### Sustainable coastal tourism is supported to facilitate future investments

- 594 ha in Souss-Maga region are equipped for sustainable tourism
- Internal tourism campaign reached 550,000,000 people



#### Incubate sustainable tourism MSMEs

- 713 tourism MSMEs established or transformed in line with NDC pathway for development through the Min. of Tourism incubator program



#### The development of the aquaculture sector is fostered

- 14 new aquaculture farms [shellfish and seaweed farms] within the targeted coastal regions



#### Integrated management of marine and coastal resources is enhanced

- 15,710 ha of coastal forests restored
- 1,080 a of coastal dunes stabilized
- 61,500 ha of new Marine Protected areas

#### Build the foundation for a climate-resilient blue economy

- Selected blue sectors are strengthened
- Integrated management of natural resources is improved

Figure 1

The PforR will help create an enabling environment for private sector investments in blue sectors by, for example, working with the Government of Morocco to develop urban plans that include making infrastructure investments that will improve coastal tourism conditions. This will encourage private sector investment in accommodation, transportation, food and beverages, and other facilities for tourists.

## Case study

## PARTNERING WITH MOZAMBIQUE ON LEGISLATION AND REGULATION

The [South West Indian Ocean Fisheries Governance and Shared Growth Project](#) supports the development of several important pieces of legislation and regulations.

The project has successfully driven the development of Mozambique's [Policy and Strategy of the Sea](#), [National Marine Spatial Plan](#), and the updated Law of the Sea, among others. It also delivered key support on blue financing detail by providing technical assistance for the structuring and strategic planning of Mozambique's Blue Economy Development Fund (ProAzul).

## Case study

## TOWARDS AN INSTITUTIONAL DEVELOPMENT PROGRAM FOR TUNISIA'S BLUE ECONOMY

In recent years, Tunisia has been working with the World Bank to identify priority areas for the development of its Blue Economy strategy.

Operational and technical solutions offered by the World Bank have resulted in the publication of a [comprehensive report](#) detailing the potential for blue institutional development, reforms, and investment in Tunisia.

The country's three main Blue Economy sectors are coastal tourism, fishing and aquaculture, and shipping. To fully develop the potential of these sectors, Blue Economy principles must be integrated into the national strategy, and into sectoral strategies and programs. The key activities envisioned in the report include:

- **Formulate and adopt a national strategy** that integrates the principles and objectives of the Blue Economy at national and sub-national levels, and that is accompanied by a program of public and private blue investments.
- **Promote the strengthening or development of new tools** (for example, integrated coastal zone management, marine spatial planning, and marine protected areas), and take into account the principles of the Blue Economy in existing regulatory frameworks—all supported by a set of priority actions.
- **Design and develop an integrated and multisectoral information system** around the Blue Economy—an "observatory" for National Blue Economy.
- **Carry out an in-depth review of existing financial mechanisms** to facilitate the promotion, development and up-scaling of blue investments.



# What Success will Look Like

The management of the seas and coastline, and the development of the Blue Economy in Africa, offers significant development opportunities that can be optimized if they are planned and implemented through a climate-focused lens.

These opportunities can be coordinated with adaptation measures to reduce flooding, restore coastal forests, and stabilize coastal dunes as a nature-based solution to build coastal resilience and reduce flooding. Opportunities can also stimulate climate action from the private sector, which is a central actor in the quest for a net-zero and resilient pathway. Governments can support coastal tourism while promoting climate action from small- and medium-sized tourism companies.

A second angle of opportunity for the development an African Blue Economy is institutional. Here, success is related to the creation of efficient governance structures with new institutional frameworks to address the trade-offs and compromises of the Blue Economy. These structures can support the identification and development of climate policy and its investment needs, making use of integrated and coordinated approaches. Importantly, and as part of a formula for success, it is necessary to have a champion (often in the form of the Ministry of Finance) that can assume this coordination role and use incentives to trigger the transformation process.

Securing cooperation between different ministries is a critical challenge for a successful Blue Economy. Achieving this is a process that takes time and requires support. Success, however, can be gauged via capacity-building activities on institutional development, technical analyses, environment and social management initiatives, and fiduciary aspects, among others. For example, success can be seen in specific training activities that include behavioral insights in developing and implementing policies and promoting horizontal and vertical coordination, across national agencies, provinces, municipalities, and regions.

Finally, success means arriving at a scenario that will require a shift from the existing sector-based approach to a more collaborative model anchored on dialogue, cooperation, and discussion to maximize synergies and resolve conflicts and trade-offs. *Figure 2* depicts a successful scenario for the institutional development of the Blue Economy.

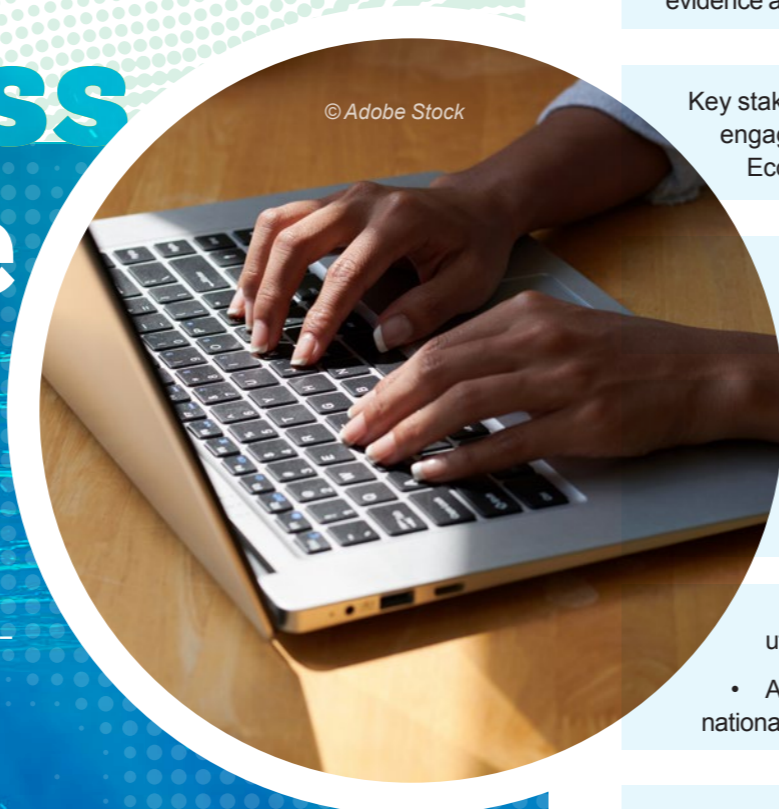


Figure 2: How success could look due to Blue Economy-related interventions

Source: Adapted from Program Appraisal Document, 2022. the Theory of Change of the World Bank – IBRD Project P172926. Blue Economy Program for Results. Kingdom of Morocco. Program Appraisal Document (2022).



