

9 factors enabling local blue growth in developing countries



Policy brief based on four background studies



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9 factors enabling local blue growth in developing countries

This policy brief presents **nine key institutional and infrastructure factors** that promote **local blue growth** from the use of marine resources in developing countries.

The policy brief is provided by the Swedish Agency of Marine and Water Management, and is based on four background studies, all addressing the same question: what is needed for marine resources to actually generate local blue growth.

Here, local blue growth refers to economic revenue and wellbeing in the local community from the sustainable use of ocean resources, such as fisheries, aquaculture, or tourism.

1. Adequate, accessible and well maintained infrastructure is a prime prerequisite for local blue growth

Blue businesses rely on infrastructure that is accessible, reliable and of adequate quality. This includes **basic infrastructure** such as good roads, electricity, potable water, sanitation and telecoms, as well as specific **maritime infrastructure** such as ports, landing sites, locally available maintenance equipment, cold storage and processing facilities.

Irrespective of whether such infrastructure is provided by public or private entities, its **availability correlates** strongly with social and economic **wellbeing** in most contexts.



In general, the availability of basic and maritime infrastructure is a **condition** for **investment** in the blue economy.

It is essential that infrastructure is **well maintained**, so that it retains its function over the longest possible period. The marine environment is very harsh to technical equipment, so continuous maintenance is important to any blue sector.

Infrastructure investments need to **consider potentially negative** unintended effects, notably in terms of negative environmental and social outcomes, in particular for vulnerable local communities.



2. Access to credit allows for new investment, technical upgrades and strengthened resilience

Improved **access to credit** increases the opportunity for community members and organisations to generate local blue growth. Examples of such interventions include the granting of public financial guarantees to back private lending, putting in place emergency relief measures to avert environmental risks and providing public loans for investment in productive equipment and microcredit institutions.

A challenge is how credit institutions often favour those who already have buffers, for example by requiring **collateral** for the granting of credit or imposing too tight **repayment schemes**. This can be a challenge for many small businesses, as they often lack sufficient financial or material



resources, and need more time before they generate enough revenue and overcome their initial vulnerabilities.

Access to **credit for small business** can unlock opportunities for community members and organisations to start new businesses, improve and upgrade existing ones and strengthen their capacity to deal with the consequences of crises and unexpected costs.

3. Organisation of local community actors supports blue growth

Community organisations and networks play important roles for local development. Being a member can contribute to higher **income** and **employment** opportunities within fisheries, aquaculture, and tourism.

These organisations need a **legitimate and dynamic leadership**. They should work towards gathering actors around shared norms and values, as well as providing technical training and capacity building.

A **reliable administration** is also important for the wellbeing of community members. Excessively complex administration and bureaucracy pose particular challenges for less well-resourced stakeholders. This may



create or reinforce imbalances between different groups in a community.

Cooperation at the community level is also an effective strategy for achieving more environmentally sustainable management practices. One example is the local co-management of natural resources such as fish stocks, coral reefs and mangroves.

4. Coherent and predictable legal frameworks and policies form the basis on which to build local blue growth

Laws and policies need to be coherent and predictable so stakeholders can understand and adapt to the conditions and requirements they impose.

Coherence within and between different laws and policies is important for the clarity of the goals and results that society prioritises.

Predictability is key to the willingness to invest in the blue economy, for which the security of tenure and access to resources is often essential.

The institutional framework for blue economy should be anchored in strategies, plans and policies at higher levels, but **local** blue

growth requires **political support** at the local level as well.

When elaborating laws and policies, attention must be paid to the **context** in which they are to be applied, in particular to any **unintended consequences** for communities in general and for local blue growth in particular.



5. Context-adapted and well-understood environmental regulations make blue growth last

Long-term **local blue growth depends on** the sustainable management and use of natural resources. Functioning ecosystems are a pre-requisite for sustainable local blue growth. Environmental regulations are used to secure sustainable use.

The **effectiveness** of environmental regulations and their contribution to local blue growth depends on the degree to which they are **evidence-based**, **context-adapted** and **understood** by those affected by them.

In order for policies and regulations to have an effect, authorities need to have the capacity to enforce and monitor **compliance**.



Equipping **local** organisations connected to the blue economy with regulatory and enforcement capacities can enhance opportunities for blue growth. This strengthens the **resilience** of coastal communities by both increasing their understanding of why a regulation is put in place and supporting the sense of community ownership and responsibility over local resources.

6. Integration with well-functioning value chains is important for advancing the local blue economy

Local blue businesses thrive best when integrated in efficient supply, processing and market chains.

Securing timely and high-quality **supplies** is important for many blue businesses, whereas **processing** generally adds value to products.

The ability to understand and access diverse **markets**, including international ones, broadens economic opportunities. The same is true of adapting products and services to market demands. Well-preserved products can sell when the market price is high. It is important for local blue growth to ensure not



only the openness of markets, but also the coming together of sellers and buyers.

Targeted support to businesses that are essential links of value chains might be required for advancing local economies, because **well-functioning value chains** are key to local blue growth.

7. Good governance with functioning institutions provides a foundation for local blue growth

Local blue growth is dependent on the **quality** and **legitimacy** of institutions and governance systems. Good governance – **reliable, incorrupt, transparent and competent** public institutions – promotes society's trust in its institutions and their legitimacy.

Examples of organisations that play important roles in the blue economy are **public institutions** in charge of food and safety regulations, facilitation of market information, contract negotiations and rural transport systems. How these institutions are



governed affects the possibility of long-term and sustainable local blue growth.

An important feature of good governance is the existence of mechanisms enabling citizens and communities at all levels to **have a say** in decisions affecting their lives.

8. Innovation spurs improved technology and better processes within the local blue economy

Innovation enables the development and adoption of more effective technologies in the blue economy. It helps blue businesses to develop new **products**, explore new **markets** and **reduce costs**, including costs to the environment and society.



The **capacity** of individuals and organisations is key to the development and adoption of innovations, and needs therefore to be incentivised. Strengthening the **innovation capacity of local organisations** creates opportunities for blue growth and strengthens the resilience of local coastal communities. Facilitating **access to credit** for small coastal

businesses may help strengthen such capacities.

As with infrastructure developments, technological innovations may also have **unintended negative effects** in terms of enabling the exploitation of new areas and resources. Potentially negative effects must therefore be carefully assessed.

9. Strategic planning can help remove barriers and pave the way for local blue growth

Planning is about creating the future you want. Strategic planning of coastal and marine areas facilitates the identification and proactive management of **opportunities and conflicts** over resources and space.



Strategic planning processes reflect the **political and institutional interests** affecting the future development of a given area. The existence of a development plan can therefore provide a degree of **predictability** and **guidance** to investors, stakeholders and communities for investments in the blue economy.

To foster sustainable development, it is important to consider **economic, social and environmental perspectives** in the strategic planning process. Enabling communities to take part in decisions affecting their surroundings and opportunities is an important aspect of strategic planning and a feature of good governance.

How we did it: four studies into one

This policy brief summarises results from four studies exploring the conditions for lifting coastal communities out of poverty. These studies investigate institutional and infrastructure factors affecting blue growth and social development at a local level in developing countries.

The first study analyses 17 cases of successful blue growth at community level, based on small-scale fisheries, aquaculture and conservation (WSP, 2020). The study is based on a literature review and expert interviews. It identifies co-management of natural resources, access to credit, technical skills, well-functioning post-harvest value chains and the presence of infrastructure such as fishing ports, docking and storage as key to enabling local blue growth.

The second study is a thematic review of scientific literature (Carneiro *et al.*, 2021). Results of the review indicate that local blue growth is more likely in the presence of coherent and predictable policy and legal frameworks, and when stakeholders have adequate capacity and skills. National and international institutions and actors need to adapt blue economy projects and policies to local contexts, support the development of well-functioning value chains and ensure that effective environmental regulations are enforced.

The third study presents a spatial analysis of how basic infrastructure affects blue growth and socioeconomic development (GroundTruth, 2021). It explores 11 rural coastal communities in the Western Indian Ocean region and concludes that the presence of and access to roads, airports and electricity in coastal communities contribute to economic wellbeing. The key

role played by strategic planning is also highlighted, indicating that strategically planned communities tend to feature higher levels of both economic and social wellbeing.

The fourth study explores lessons learned from promoting local blue growth in coastal communities in Sweden (Morf *et al.*, 2021). Applying a case-study approach, it identifies enablers and barriers along with strategies used for overcoming them that led to successful project outcomes. Results point towards a number of basic prerequisites and conditions that help initiatives to succeed. These can be summarised under four thematic clusters: mobilisation of mandate and ownership, necessary capacity and resources, relevant knowledge and know-how and finally, place-based and physical "hard" infrastructure.

Note that this policy brief has its limitations, as all do. Our results are drawn from studies on current and previous states of the world. Thus, current and future strong drivers may come to be very important for any future local blue growth – for example drivers such as climate change, digital transformation, or shifting security.

Functioning ecosystems are key

It is worth stressing that functioning ecosystems are a pre-requisite for sustainable development, and for sustainable local blue growth.

Failure to maintain ecosystem functions can be very costly. And to restore nature can cost more than caring for it in the first place.

Social, economic, and ecological development are integrated parts.

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SwAM is the Swedish Agency for Marine and Water Management. We work on behalf of the Swedish parliament and government.

SwAM Ocean is our development cooperation. With SwAM Ocean we aim to increase the opportunities for people to get out of poverty thanks to sustainable use of the sea.

Together with our partners we strengthen the capacity to plan the future of the ocean, to take care of the ocean and to use the ocean – for the joy and benefit of all.

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The brief lists nine key institutional and infrastructure factors that promote local blue growth from the use of marine resources in developing countries.

This policy brief is a result of SwAM Ocean, the international development cooperation programme operated by the Swedish Agency for Marine and Water Management.



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