Harnessing the Blue Economy: Challenges and Opportunities for Kenya

Kariuki Muigua
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Abstract

The blue economy holds great potential for Kenya’s economy as well as the livelihoods of various communities working and living within these areas. Documented evidence has shown that Kenya’s resources in this sector are enormous and have been contributing to different sectors of the economy as well as proving employment for a huge group of people in the country. Despite this, the sector is still greatly under exploited due to a number of challenges that affect the country’s potential in this area. This paper discusses these challenges and suggests ways through which Kenya’s Blue Economy can be unlocked to boost national development agenda. This is in light of the outcome of the Nairobi Blue Economy Conference held in Nairobi in November 2018.

1. Introduction

Partly based on the recently concluded first ever Global Sustainable Blue Economy Conference held in Nairobi, Kenya in November 2018¹, this paper explores ways in which Kenya can tap into its diverse blue resources, with the aim of drawing valuable lessons for Kenya and making recommendations on what the country can do to maximize on these outcomes and achieve sustainable livelihoods for its people and national economic development in general. This is in recognition of the fact that ‘there is a direct correlation between blue economy and livelihoods and food security’.²

Kenya’s oceanic territory has vast resources that can assist Kenya grow economically, eradicate poverty and achieve sustainable development. However, there exist challenges in harnessing these resources.

¹ Conference on the Global Sustainable Blue Economy, held at the Kenyatta International Convention Centre, Nairobi from 26th to 28th November 2018. Available at http://www.blueeconomyconference.go.ke/ [Accessed on 17/12/2018].


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The paper critically analyses these challenges, how they can be surmounted and recommends measures within the policy, legal and institutional framework to assist Kenya effectively harness these resources. These are meant to enable the country expand her economy and improve her people’s livelihoods through tapping into the enormous resources contained within its blue resources.

2. Blue Economy: The Definition and Scope

Blue economy has been defined as:

… a sustainable ocean-based economic model that is largely dependent on coastal and marine ecosystems and resources, but one that employs environmentally-sound and innovative infrastructure, technologies and practices, including institutional and financing arrangements, for meeting the goals of: (a) sustainable and inclusive development; (b) protecting the coasts and oceans, and reducing environmental risks and ecological scarcities; (c) addressing water, energy and food security; (d) protecting the health, livelihoods and welfare of the people in the coastal zone; and (e) fostering an ecosystem-based climate change mitigation and adaptation measures.

The World Bank also defines ‘blue economy’ in the following terms: "sustainable use of ocean resources for economic growth, improved livelihoods, and jobs while preserving the health of ocean ecosystem." Thus, according to the World Bank, the “blue economy” concept seeks to promote economic growth, social inclusion, and the preservation or improvement of livelihoods while at the same time ensuring environmental sustainability of the oceans and coastal areas.

Blue Economy thus encompasses diverse but related issues surrounding the exploitation of ocean resources, as captured in the theme of the Global Sustainable Blue Economy Conference 2018, which was ‘the Blue Economy and the 2030 Agenda for Sustainable Development’ broken down into nine distinct but mutually reinforcing sub-themes: smart shipping, ports, transportation and global connectivity, employment, job creation and poverty eradication, cities, tourism, resilient

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coasts and infrastructure, sustainable energy and mineral resources and innovative industries, management and sustaining marine life, conservation and sustainable economic activities, ending hunger, securing food supplies, promoting good health and sustainable fisheries, climate action, agriculture, waste management and pollution-free oceans, maritime security safety and regulatory enforcement and people, culture, communities, the inclusive blue economy.\textsuperscript{6}

With its great potential the blue economy holds a lot of promise for Kenya’s economy. Scholars have argued that the linkage between the blue economy, economic growth, and ocean and coastal resource conservation should be clarified by highlighting the following: The blue economy encompasses all economic activities with a direct dependence on the ocean or coastal and marine resources; it also includes marine education and research as well as activities of the public sector agencies with direct coastal and ocean responsibilities (e.g., national defense, coast guard, marine environmental protection, etc.); the ocean generates economic values that are not usually quantified, such as habitat for fish and marine life, carbon sequestration, shoreline protection, waste recycling and storing, and ocean processes that influence climate and biodiversity; and new activities are also evolving over the recent years, such as desalination, marine biotechnologies, ocean energy, and seabed mining.\textsuperscript{7}

Despite the existence of these resources and their potential benefits to Kenya’s economy, harnessing them has been beset with major challenges, as discussed in the next section of this paper.

3. Towards A Sustainable Blue Economy for Economic and Social Development: Challenges and Prospects for Kenya

4.1 Achieving Sustainable Blue Economy in Kenya: Challenges

The United Nations Development Programme has observed that as far as exploitation of the blue resources is concerned, the Eastern Africa region faces challenges of illegal and unregulated fishing, piracy and armed robbery, maritime terrorism, illicit trade in crude oil, arms, drug and


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human trafficking and smuggling of contraband goods; degradation of marine ecosystems through discharge of oil, the dumping of toxic waste, illegal sand harvesting and the destruction of coral reefs and coastal forests.\(^8\) Kenya also suffers from fragmented management of the coastal zone, lack of capacity and technical know-how, lack of capital, minimal participation by citizens, incoherent benefit sharing regime and biodiversity loss, amongst others.\(^9\)

Furthermore, Kenya is confronted with piracy in the Indian Ocean, illegal fishing and border disputes, the dispute with Somalia over the maritime boundary\(^10\), over a potentially lucrative triangular stretch of 100,000 square kilometers offshore territory that is about 370 kilometers from the coastline, believed to be home to huge oil and gas deposits.\(^11\) Through these challenges, Kenya loses resources to foreign exploitation due to lack of capacity and knowhow as well as degraded and dwindling resources within its internal waters, attributable to environmental degradation, as already highlighted. Notably, the country’s marine fisheries are primarily exploited by foreign fishing vessels which rarely land or declare their catches in the country, thus depriving the country of much needed revenue and processing jobs.\(^12\)

During the Blue Economy Conference, there was emphasis on the need to improve the health of the oceans, seas, lakes, and rivers and the ecosystems which are under increased threats and in decline in many countries and regions across the globe.\(^13\) Some of the threats highlighted include climate change, pollution and waste management, illegal activities at seas including Illegal Unregulated and Unreported fishing, piracy and terrorism, destruction of marine ecosystems and management of resource in areas beyond national jurisdiction.\(^14\)

The challenges facing exploitation of Kenya’s coastal and marine resources have also been highlighted in the *Integrated Coastal Zone Management (ICZM) Policy 2014*\(^15\) as follows:

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\(^8\) Ibid, p.5.


\(^14\) Ibid, p.4.

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uncoordinated sectoral policies; and population increase and society placing many legitimate, but often competing, demands on the resource base and the environment, with the sectoral management approaches have failed to achieve the objectives of coastal planning and sustainable development.\textsuperscript{16} This has been attributed to: limited understanding of coastal and marine resources, natural processes and opportunities; institutional weaknesses, single sector planning, bureaucracy, competing interests among institutions and misplaced priorities; inadequate legislation and enforcement; inadequately trained personnel, use of inappropriate technologies and equipment, and limited experience in integrated coastal planning, development and management.\textsuperscript{17} The result of all these has been deficient pollution management, over-extraction of resources and unsustainable livelihoods, unsustainable use patterns, resulting in widespread degradation and loss of critical habitats and loss of development opportunities.\textsuperscript{18}

Statistics have shown that fisheries, which Kenya has only focused on both for domestic and export markets, accounting for only about 0.5 per cent of the Gross Domestic Product (GDP) and generate employment for over two million Kenyans through fishing, boat building, equipment repair, fish processing, and other ancillary activities.\textsuperscript{19} Despite this, the Kenya Maritime Authority (KMA) estimates the annual economic value of goods and services in the marine and coastal ecosystem of the \textit{blue economy} in the Western Indian Ocean is over US$22 billion with Kenya’s share slightly over US$4.4 billion (20\%) with the tourism sector taking the lion’s share of over US$4.1 billion.\textsuperscript{20} Therefore, the full economic potential of marine resources has not been exploited, yet Kenya has a maritime territory of 230,000 square kilometers and a distance of 200 nautical miles offshore.\textsuperscript{21} Kenya has not yet invested in this potentially lucrative area thus occasioning loss of income and opportunities for the Kenyan people. It is also a potential solution to the food insecurity problem in Kenya through maximizing on the seafood harvesting.\textsuperscript{22}

\textsuperscript{17} Ibid, pp.1-2.
\textsuperscript{20} Ibid, p.5.
\textsuperscript{21} Ibid, p.5.
\textsuperscript{22} USAID, “The Importance of Wild Fisheries For Local Food Security: Kenya,” op. cit.
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The global Sustainable Blue Economy Conference (SBEC 2018) came up with several forward looking resolutions as captured in the outcome Report. The Conference captured concrete commitments and practical actions that can be taken today to help the world transition to the blue economy. However, for Kenya to benefit to fully benefit from these resources there must be conscious efforts aimed at tackling the highlighted challenges related to environmental sustainability, maritime security and inclusive development. While the next section highlights some of the outcomes of the Blue Economy, it also makes further recommendations on the way forward on how these challenges can be overcome.

4.2 Tapping into the Blue Economy Resources: The Way Forward

There have been positive steps, albeit slow ones, in tapping into these vast resources. For instance, in the recent years, there have seen a shift in approach, where there has been an integrated approach as reflected in the renaming of the Department of Fisheries as the Department of Fisheries and Blue Economy in June 2016 and the establishment of a Blue Economy Implementation Committee in January 2017.

The Conference was as a result of a collaboration between Kenya and its co-hosts Canada and Japan whose main objective was to help the participants learn how to build a blue economy that: Harnesses the potential of our oceans, seas, lakes and rivers to improve the lives of all, particularly people in developing states, women, youth and Indigenous peoples; and leverages the latest innovations, scientific advances and best practices to build prosperity while conserving our waters for future generations. This was a great opportunity for marketing Kenya not only as a respectable global player in the sector but also a chance to highlight its ecotourism potential. This should not stop and the stakeholders in the marine wildlife as well as the hospitality sector should use the same to their advantage to maximize on the tourism generated income in Kenya.

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Considering that the Conference brought together 16,320 participants from 184 countries, including 7 Heads of State and Government, 84 Ministers, several Heads of International Organizations, Mayors and Governors, the business and private sector, community leaders, the civil society, and women and youth organizations,\(^\text{27}\) it creates the perfect platform to launch an integrated approach with the concerted efforts of all the stakeholders. The community leaders present in the Conference should continually be engaged in bringing coastal communities on board through empowerment measures such as funding mechanisms for building of capacity and technical knowhow as far as fishing and exploitation of other marine resources is concerned. This should of course be done within the principles of sustainable development to achieve the twin goals of environmental conservation and sustainable livelihoods.

SBEC 2018 resulted in among others the *Nairobi Statement of Intent on Advancing a Sustainable Blue Economy*\(^\text{28}\) which contains a number of key political messages, including, the need to; promote action-oriented global strategies that places people and the blue economy resources at the centre of sustainable development; promote collaboration for sustainable partnerships and projects in the various sectors of the blue economy; mobilize finance from the public and private sources, promote access to technologies and innovations, share best practices, capacity building; promote gender equality, the role and participation of women and youth in the blue economy; strengthen science and research to generate and disseminate evidence-based knowledge and information as well as to inform policy and decision making; strengthen governance mechanisms; and promote synergies within and between different levels of governments.\(^\text{29}\)

Incorporating these resolutions in the national policy, legal and institutional frameworks will go a long way in enhancing Kenya’s capacity to harness the blue resources for the realisation of its sustainable development needs.

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One of the challenges facing exploitation of the blue resources in Kenya is the lack of capital. Notably, during the Conference, participants also committed to put aside money to protect oceans, seas, lakes and rivers and the ecosystems they support.\(^{30}\) Participants made numerous voluntary non-monetary and monetary commitments amounting to approximately USD172.2 billion in the various sectors of the blue economy, covering new partnerships and networks for joint investments in projects, financing, technology development and transfer and capacity building, among others.\(^{31}\) Kenya can capitalize on this to enter into mutually beneficial cooperation that will help it build capacity for exploitation of these resources.

There were also strategic discussions predicated on the two pillars of production; accelerated economic growth, job creation and poverty alleviation, and sustainability; climate change and controlling pollution.\(^{32}\) Through mutually beneficial alliances as well as meaningful inclusion of all the stakeholders, including communities, Kenya can tap into its blue resources as one of the ways of achieving the Agenda 2030 on Sustainable Development as well as the Vision 2030 development blueprint.

The outcomes are expected to galvanize and deepen collaboration between and among governments and stakeholders on blue economy, and to help align the blue economy with the needs of the society.\(^{33}\)

The blue economy resources hold great promise and opportunity to build greater prosperity for all through such opportunities as: deep-sea mining, fisheries development, smart shipping, aquaculture, training more women in maritime related sectors, blue financing, establishment of regional centers for ship owners, research and technology development, mainstreaming climate changes as cross-cutting issues for all sectors.\(^{34}\)

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\(^{30}\) Ibid, p.3.

\(^{31}\) Ibid, p.3.

\(^{32}\) Report on the Global Sustainable Blue Economy Conference 26th – 28th November 2018, Nairobi, Kenya, p.3:

These were held in the context of the Leaders Commitment Segment, nine Signature Thematic Sessions, Business and Private Sector Forum, Governors and Mayors Convention, Science and Research Symposium, Civil Society Forum, Side Events and the Leaders Circle and Closing segments. Partnerships for financing, access to new technologies and innovations; capacity building, integrating women, youth and people in vulnerable situations and opportunities, priorities and challenges in the blue economy sectors were discussed as cross cutting issues (p.3.).


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change and environmental sustainability in the blue economy, developing blue economy observatory mechanism, raising awareness on the importance and value of maritime resources.\(^{34}\)

In addition to the foregoing, there is a need for conscious efforts aimed at curbing pollution of the water bodies. This must start from the highlands where the agricultural residue chemicals and soil erosion originate from. Farmers should continually be sensitized on the need for cautious and minimal use of farming chemicals that are likely to adversely affect the water bodies and the living resources therein.

There is also a need to ensure full implementation of the ICZM policy, which is a forward looking policy that holds potential in enhancing the country’s capacity in not only conserving and protecting the coastal and marine resources but also tapping into these resources for national development and improving the livelihoods of the coastal communities.

As already noted, climate change also threatens the profitability of the blue economy and thus specific measures as envisaged in Kenya’s Climate Change Act 2016\(^{35}\) should proactively be implemented to avert and reverse the adverse effects of climate change on these resources.

As pointed out elsewhere in this paper, most African countries, including Kenya, lack advanced industries for processing and value addition of raw materials. This can be attributed to high capital requirements to set up such industries and the technology gap.\(^{36}\) The lack of capacity and technology knowhow as well as capital negatively affects the country’s ability to tap into these resources. There should be conscious efforts from the Government of Kenya to not only source for strategic partnerships to acquire the capital and the technical knowhow required for the exploitation of these resources but also make budgetary allocation to develop the sector due to its high potential in enhancing the lives of communities as well as its contribution to the national GDP. Funding mechanisms would not only build capacity for the experts but also facilitate the community’s efforts to venture into this area of economy.

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\(^{35}\) Climate Change Act, No. 11 of 2016, Laws of Kenya. The Act was enacted to provide for a regulatory framework for enhanced response to climate change; to provide for mechanisms and measures to achieve low carbon climate development, and for connected purposes. The Act also establishes the National Climate Change Council to coordinate the country’s climate change efforts.

\(^{36}\) Ngwenya, S., “Africa has to Shed off the Resource Curse Stigma” The Star Newspaper, Friday January 3, 2014.
In order to tap into the blue economy as a solution to the food insecurity problem in the country, there is a need for the various communities to be sensitised on the need to venture into seafood business both as a source of food as well as a source of income. Supplying them with the knowledge as well as the required resources for startup should now be a priority for the government as it will also mean that the country’s status as a consumer and producer or exporter of seafood will be enhanced internationally.

As already pointed out, the successful exploitation of the blue resources in Kenya requires the concerted efforts of all. A clear stakeholder mapping of all the potential beneficiaries as well as the interested parties, such as communities that directly rely on these resources for their livelihoods is needed so that they can work closely with the government bodies in charge of these resources as well as environmental conservation to ensure that they all work towards improving the lives of the people, economic development as well as environmental conservation. The Government (Executive, Judiciary and Parliament) can work closely with the county governments, Non-Governmental Organisations, scientists and other professionals as well as the specific committees or offices charged with coming up with the policy blueprint for the development of the country’s blue economy to ensure that there is not only in place practical measures laid down by way of legal and policy frameworks but that the same are also fully implemented and enforced to protect the resources from degradation and pollution as well as Illegal Unregulated and Unreported fishing from foreigners.

If the foregoing proposed measures are considered as well as the full implementation of the Blue Economy Conference resolutions, Kenya would be well on its way to realisation of the sustainable development goals and the country’s Vision 2030.

4. Conclusion

The sustainable development agenda calls for economic development that is both inclusive and environmentally sound, and undertaken in a manner that does not deplete the natural resources that societies depend on in the long-term, and this includes the oceans, making it a key component of the blue economy.37

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Kenya can reap from the Blue Economy. It can harness the blue economy resources to achieve sustainable development and specifically address questions of eradication of poverty, provision of food security and generally raise the people’s standards of living.

References


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