

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	REGIONAL/IDB
▪ TC Name:	Strategic knowledge building for effective climate-resilient and sustainable blue economy public policy implementation
▪ TC Number:	RG-T4170
▪ Team Leader/Members:	WATSON, GREGORY (CSD/CCS) Team Leader; HORI, TSUNEKI (CSD/RND) Alternate Team Leader; BUCARAM VILLACIS, SANTIAGO JUNIOR (CSD/RND); SUAREZ VAZQUEZ, GINES (CSD/RND); ALLENG, GERARD P. (CSD/CCS); ACEVEDO CALLE, DANIELA (LEG/SGO); ERICKA MORALES (CSD/RND); CHAKALALL, YURI (CSD/RND); DOHERTY BIGARA RODRIGUEZ, JENNIFER (CSD/CCS); STEVENSON, CLAUDIA (IFD/CTI); DOHNERT DE LASCURAIN, SYLVIA EVA (IFD/CTI); PELAEZ ZAMBRANO, PAULA (DSP/ADV); BLANCO ITURBE, MARIA ALEJANDRA (DSP/ADV); SAMTANI, MALINI (DSP/ADV); DOOKIESINGH, VASHTIE K.; HOULISTON, RUTH SIMONE; KAMBIRI COX; SAMAYOA JUAREZ, JORGE OMAR (CSD/RND); MEDEIROS, EDUARDO (CSD/CSD)
▪ Taxonomy:	Research and Dissemination
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	19 Aug 2022
▪ Beneficiary:	IDB and member countries
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$1,500,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	36 months
▪ Types of consultants:	Firms
▪ Prepared by Unit:	CSD/RND - Env, Rural Dev & Disaster Risk
▪ Unit of Disbursement Responsibility:	CSD/CSD - Climate Change and Sustainable Development Sector
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation ; Institutional capacity and rule of law; Environmental sustainability

II. Objective and Justification

- 2.1 The objective of this TC is to develop a series of technical studies necessary for supporting and facilitating effective governance building and policy implementation of the climate-resilient and sustainable Blue Economy development.
- 2.2 This document defines Blue Economy with reference to the World Bank (2017) as a general multi-sectoral concept that promotes resilient economic growth, social inclusion, and the maintenance and improvement of livelihoods, while at the same time ensuring the environmental sustainability of marine and coastal areas. Blue Economy as a policy framework was first discussed at the UN Conference on Sustainable Development Rio+20 in 2012.
- 2.3 The Latin America & Caribbean (LAC) region, especially the Small Island Developing States (SIDS) in the Caribbean region, have a large Exclusive Economic Zones (EEZs) compared to their land areas, which means that the Blue Economy has

potential in scaling up their economies. In the Caribbean, total annual revenues from the exploitation of marine resources through shipping, mineral resources, tourism, and fisheries are estimated to be at least US\$407 billion (Patil, et al., 2016). Given this potential, some countries have already established institutions to promote the blue economy, e.g., the Ministry of Blue Economy and Civil Aviation (MBECA) in Belize, and the Ministry of Maritime Affairs and the Blue Economy (MMABE) in Barbados.

- 2.4 Challenge: There are currently two main challenges that can be identified in further promoting the Blue Economy in the LAC region:
- 2.5 The first challenge relates to the policy framework for the Blue Economy. The Blue Economy framework, which is widely used today, does not exactly consider the characteristics of the LAC region. The characteristics that should be considered include, for example, sufficient consideration of climate risks such as hurricanes, linkages with existing public policies such as integrated coastal zone management - ICZM, and the need to promote approaches that combine multiple industries to achieve synergies. On this last point, for example, a framework in which the maintenance of offshore wind power facilities is outsourced to fishermen, as is done in Karatsu, Japan, would be instructive.
- 2.6 The second challenge is that it is not quantitatively clear how large the economic potential exists in the Blue Economy-related sectors in each country (includes estimating the economic value of natural resources), even though the Blue Economy is recognized as an economically attractive potential for the LAC region. Also, there is no model that quantifies the extent to which it contributes to long-term GDP growth. In this context, a similar approach presented by the Public Investment Profile for Disaster Risk Reduction (RG-T3369) developed by the IDB in collaboration with a group from Kyoto University, is suggestive. Furthermore, there are no quantitative estimates of the extent to which the economic potential of the blue economy is likely to be affected in the future by environmental degradation or hurricanes. Without these estimates, it is difficult for the countries to make precise strategies to promote the Blue Economy in the long term.
- 2.7 Given the above challenges and based on the IDB's experience in related areas (e.g., Climate-Resilient ICZM), this TC will provide solutions mainly through the following components.

III. Description of Activities and Outputs

- 3.1 **Component I: Development of a Climate-resilient and Sustainable Blue Economy public policy framework and diagnosis of governance gaps.** This component will develop a climate-resilient and sustainable Blue Economy public policy framework appropriate to the characteristics of the LAC (or specifically Caribbean) region, and then use it or objectively index it to conduct a gap analysis between ideal policy/governance and reality of the IDB member countries.
- 3.2 **Component II: Development of quantitative economic models for effective climate-resilience and sustainable Blue Economy policy promotion.** This component will develop quantitative models for IDB member countries to develop blue economy implementation plan using objective scientific data. These will mainly include, among others, quantitative models to estimate the economic potential of blue economies; models to assess the potential losses due to climate events; and a simulation model to assess the difference in future GDP growth between with/without the climate risk reduction investment in the blue economy.
- 3.3 **Component III: Dissemination of project outputs.** This component will disseminate the project outputs (and project findings) through workshops and policy dialogues to the target countries, and the reports will be publicized through regional policy dialogues and the IDB portal site.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Development of a Climate-resilient and Sustainable Blue Economy public policy framework and diagnosis of governance gaps	US\$550,000.00	US\$0.00	US\$550,000.00
Development of quantitative economic models for effective climate-resilience and sustainable Blue Economy policy promotion	US\$850,000.00	US\$0.00	US\$850,000.00
Dissemination of project outputs	US\$100,000.00	US\$0.00	US\$100,000.00
Total	US\$1,500,000.00	US\$0.00	US\$1,500,000.00

V. Executing Agency and Execution Structure

- 5.1 The products to be developed in this TC will include knowledge products such as a Climate-resilient and Sustainable Blue Economy Public Policy Framework suitable for the LAC region. The IDB should be ultimately responsible for these products, and in this sense, the IDB should be the executing agency for this TC.
- 5.2 The CSD/CSD will be responsible for the overall implementation of activities related to this TC, in close coordination with the selected country. The CSD/RND will also work closely with the CSD/CSD and Country Offices (COFs) to provide technical services and facilitate sector partnership among country officials, COFs, CSD/CSD and the CSD/RND.

VI. Project Risks and Issues

- 6.1 The main risk is the extent to which the target countries will be able to take ownership of the development of this IDB-led knowledge product. No matter how high the quality of the study is, the significance of the TC will diminish if it is not used in the development plans of the target country. In this sense, the study target country submits a request letter to the executing agency, IDB, in advance to formally express its interest in the study.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "undefined".