

## ARE SA BANKS SERIOUS ABOUT INVESTING IN OCEANS ECONOMY?

The oceans economy is a relatively new strategic opportunity for South Africa. Launched by the Government in 2014, Operation Phakisa, a unit within the National Department of Public Works, envisaged creating between 40 000 and 50 000 jobs by 2019, through the development of this economy.

Operation Phakisa focuses on developing diverse and competing interests in the oceans economy, including gas and oil exploration, commercial fishing, marine transport, marine conservation, coastal and marine tourism and marine aquaculture (fish farming).

It is modelled on the Big Fast Results methodology, first applied by the Malaysian government, in the delivery of its economic transformation programme.

Investment in Operation Phakisa is mainly sourced from government initiatives with limited investment from other financial sectors.

Valuing the oceans economy has enormous benefits considering that:

- Oceans produce 70-80% of the planet's oxygen, absorb more than half of all man-made carbon dioxide and regulate the climate,
- Seafood makes up 17% of global protein intake
- 33% of the oil and gas we use comes from offshore sources
- 90% of world trade is carried by sea
- 10-12% of global livelihoods are associated with fisheries and aquaculture
- the ocean supports the tourism industry...

The SA financial sector, including banks, could capitalise on the benefits of the oceans economy by entering into partnerships with local communities to fund SMME initiatives.

Despite government's serious approach and investment in the oceans economy, there is very little public documentation or evidence available to gain a realistic understanding of the banking sector's contribution to growing and sustaining the oceans economy. However, banks that have invested in the

oceans economy according to accessible information include:

- Grindrod Bank, which has focused on environmental management through a partnership with the WILDOCEANS Blue Port team to address both the environmental and social challenges linked to waste accumulating along our coastline. In March 2019, a dedicated Blue Port team was established, which removed more than 12 tons of waste from the port system, 60% of which can be recycled. Much of this included light-weight plastics like PET and LDPE.
- Nedbank, which encourages customers to open a Nedbank Green Affinity account and Nedbank will donate to the WWF Nedbank Green Trust at no charge to the client. It contributed to a project run by the Safeguard our Seabed Coalition (a group of organisations that advocate for a cautious approach to seabed mining) over a three-year period from 2014 to 2017; and
- The World Bank, which has an active blue economy portfolio valued at around \$4.1 billion with a further \$1.5 billion in the pipeline. Projects range from implementing large regional fisheries programmes in Africa and the Pacific, to tackling all sources of marine pollution, and supporting coastal development around the world, with emphasis on addressing erosion and the other effects of climate change on marine and coastal resources.

Other than these banks, SA banks have not shown the kind of serious interest in the oceans economy that has been shown by successful developing countries like China and India.

Ways in which banks could invest in the oceans economy and help create opportunities for local communities could include:

- Government and stakeholders, including the banking sector, formally gathering to promote the benefits of investing in the oceans economy,
- Supporting the education sector to incorporate the oceans economy into their curriculums,
- Investing in marketing the oceans economy successes,
- Exposing youth to the oceans economy via scholarship, bursaries and other programmes, and
- Creating and investing in opportunities for SMMEs to participate in the oceans economy.

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