

The Blue Economy:
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ABSTRACT:
Innovation and Entrepreneurship in the Blue Economy

The new global emphasis on the Blue Economy is catching up, and is seeing interest from governments, development agencies, and more recently from investors who are looking for entrepreneurs and innovations to back. Different now from previous years is the increased and active participation from developing and coastal economies, those most likely to benefit from the Blue Economy. In Africa, the African Union is promoting Women in the Maritime economy. Australia, so advanced with its own blue economy, has begun a Blue Economy challenge in 2016, to encourage income-inducing innovations from developing and island countries that rely on the oceans.

India, with its new emphasis on oceanic defence and its climate change commitments, is actively using the chambers of commerce to encourage Indian business to responsibly commercialise the oceans resources for food security and defence. Multilaterally, in the last two years, the long-moribund Indian Ocean Rim Association has been revived – with a new Indian interest to back it. Many of the country initiatives, including with Australia, now include IORA.

Appropriately, some of the entrepreneurial ventures are being supported by social impact investors. These are more likely to benefit the coastal Blue economy communities, than projects by big corporations. And they are international from the start. The latest investment by Indian venture firm Intellicap is located in Jakarta, using Indian money and Canadian expertise for the North America market.

PRESENTATION:
Innovation and Entrepreneurship in the Blue Economy.

It is inevitable that scholars trying to locate Taiwan and the Blue Economy should find them entwined. The first search on the subject reveals two truths in one sentence: *Why the Blue Economy is the New Green in Taiwan.* (<http://www.globalo.com/why-the-blue-economy-is-the-new-green/>).

First, that Taiwan is already advanced in its engagement with the Blue Economy; Second, that The Blue Economy is an advanced, oceanic version of the Green Economy.

Achieving the latter is a single leap for developed, industrialised economies like Taiwan, the US and those in Europe, which have focused governments and for whom conservation is now a priority. Even China, though focused on innovation and industry, is viewing conservation with a similar lens.

But for the developing countries, even the small island nation states whose survival depends on conservation, because of weak governments, they must take three leaps simultaneously –

to develop industry and commerce along with being environmentally green on land and blue in the oceans and along the coast.

It's difficult – despite the fact that they will benefit the most from this change. But as the subject of this session suggests, with some innovation and entrepreneurship, a commercial-green-blue economy can be possible.

India is taking some steps forward in this direction. Two years ago, the government introduced the [concept of Sagarmala](#) – a long overdue, \$120 billion initiative to upgrade and further develop the country's coastal and maritime infrastructure. This is being done with all the elements of the Blue Economy in mind – with port modernisation, connectivity, port-linked industrialisation and coastal community development.

However, years of neglect and weak governments means that this task is massive, and will take decades to achieve. In the meantime, the communities in the region are caught between their old, low-income livelihoods and the potential of better ones.

This is the situation for most of the developing world. Aid agencies like the Asian Development Bank, Australia Aid and even the European Union can and have helped, but communities need sustainability and independence.

There is also the strategic imperative: with China becoming assertive in the Indian Ocean and in the Bay of Bengal, a strong ocean economy for India and Asian Coastal nations, is vital.

India's initiatives are of three kinds: private sector, public private partnerships, and government.

The private investor interest is not typical. Not Alibaba or Goldman Sachs or SoftBank but the Social Impact investor. India has been a leader in social impact investing, and its models are spreading across the region. These investors look for projects with a three-fold outcome: projects which can help a community, which can absorb venture funding, and which offer a limited financial return as also a large socio-economic return.

Last week, for the very **first** time, a social impact investment was made citing the Blue Economy in particular. It has Indian management, Global funding and an Asian project. Aavishkar-Intellicap Group is an Indian-origin, Singapore-based social impact venture fund, and a global pioneer. It has been operational for over a decade – and stubbornly so, despite the business model of such venture investing never having existed before. It now has 46 investments, and has raised five funds of over \$200 million. It has successfully shown that an entrepreneurial approach to development works.

So last week, Aavishkar made a \$2 million investment in a fishing community in Sumbawa, lesser Sunda region, Indonesia. (It's also a strategically Important area, as Adm.Chen said earlier this morning.)

These small vessel fishermen provides good quality product but work in a broken supply chain. Aavishkar funded North Atlantic Inc, a Canadian company that sources fish from Indonesia for the North American market, to build a standards-compliant cold storage facility in the same village for processing the high quality fish, which can immediately be shipped to the Western market. This new supply chain will eliminate waste by 50%, increase product

value by up to 90%, and help the 26,000 fishermen in the community. It will keep the community's inter-generational skill intact and enhanced, is environment-friendly, has a modern grading system and technology, eliminates middlemen, provides income and dignity, reduces migration, builds commercial connectivity – a nice Blue Economy Cycle completed.

The success of such projects – international in its endeavour, innovative in funding structures and entrepreneurial for the locals - will give the Blue Economy in developing countries and especially in small island nations a big boost.

The **second** successful funding option for entrepreneurs is the Public-private partnership. For example, Sea6Energy, an Oceanic Energy and Sea-based Agri-businesses with patented technologies, is a Bangalore start-up which received support and \$2 million in funding from the India's Centre for Cellular and Molecular Platforms. It started out with the goal of making India energy-independent by using seaweed as also oceanic energy, and has found its seaweed product has a commercial market in India. Mahindra Agribusiness, a big player in India, markets its seaweed product. (http://www.business-standard.com/article/companies/sea6-energy-looks-to-raise-10-million-to-fund-research-115051501182_1.html)

Now Sea6Energy is looking for \$10 million in funding for large-scale cultivation of seaweeds for bio-fuel, and has roped in fishermen on India's east coast to scientifically learn how to cultivate vast amounts of sea weed. It will likely get the funding – and perhaps more government support.

The **third** is strategic government investment.

Ocean Thermal Energy Conversion is a big focus of India's Blue Economy innovation especially to power desalination plants in island territories. Ocean Thermal Energy Conservation has the potential of 180 gigawatts, to be developed across India's vast coastline – 7,500 km of it. The government and the Indian Navy began work on its first OTEC plant in Kavaratti last year. (Kavaratti is the capital of the picturesque Indian islands of Lakshadweep in the Indian Ocean.) Though initiated by government, this has major potential for private players interested in greenfield investments backed by power purchase agreements to harness this advantage.

These initiatives, along with India's new emphasis on oceanic defence and its climate change commitments, has elicited the interest of the chambers of commerce which are now actively encouraging Indian business to responsibly commercialise the oceans resources for food security and defence. The [first task force on this subject](#) published its report this summer, co-authored by Gateway House.

India has taken a diplomatic lead on Blue Economy - with a bilateral working group being set up between India and Seychelles during PM Modi's trip to the island nation in 2015.

Multilaterally, it will help if regional institutions give the blue economy greater importance. In the last two years, the long-moribund Indian Ocean Rim Association has been revived – with a new Indian interest to back it. Many of the Blue Economy country initiatives, including with Australia, now include IORA. BIMSTEC has also come on board, to push and develop cooperation in the Bay of Bengal community. The Ministerial meeting in Kathmandu this month gave a clear signal on this.

And the [African Union](#) is promoting [women's entrepreneurship](#) in the Maritime economy. Perhaps a little bit of Indian-style venture funding in Africa could help make those dreams a reality.

Specifically, India and Taiwan can help each other.

1. Taiwanese companies with their vast expertise and technological know how, will find opportunities in upgrading technologies in fisheries, aquaculture, mineral exploration, energy generation, cruise tourism and port modernisation in India.
2. Taiwanese scholars and business leaders can connect better with their counterparts in India and with the new entrepreneurs like Aavishkar, to deepen the mutual understanding and cooperation in the Blue Economy. This will be especially beneficial as there is little conversation between Taiwan and India on this issue – at a time when India-China ties are under unprecedented stress. Gateway House has led a task force report on this.
3. Taiwan may watch the developments in BIMSTEC and find opportunities for the Blue Economy within as a partner with India – especially as the summit is upcoming later this year.