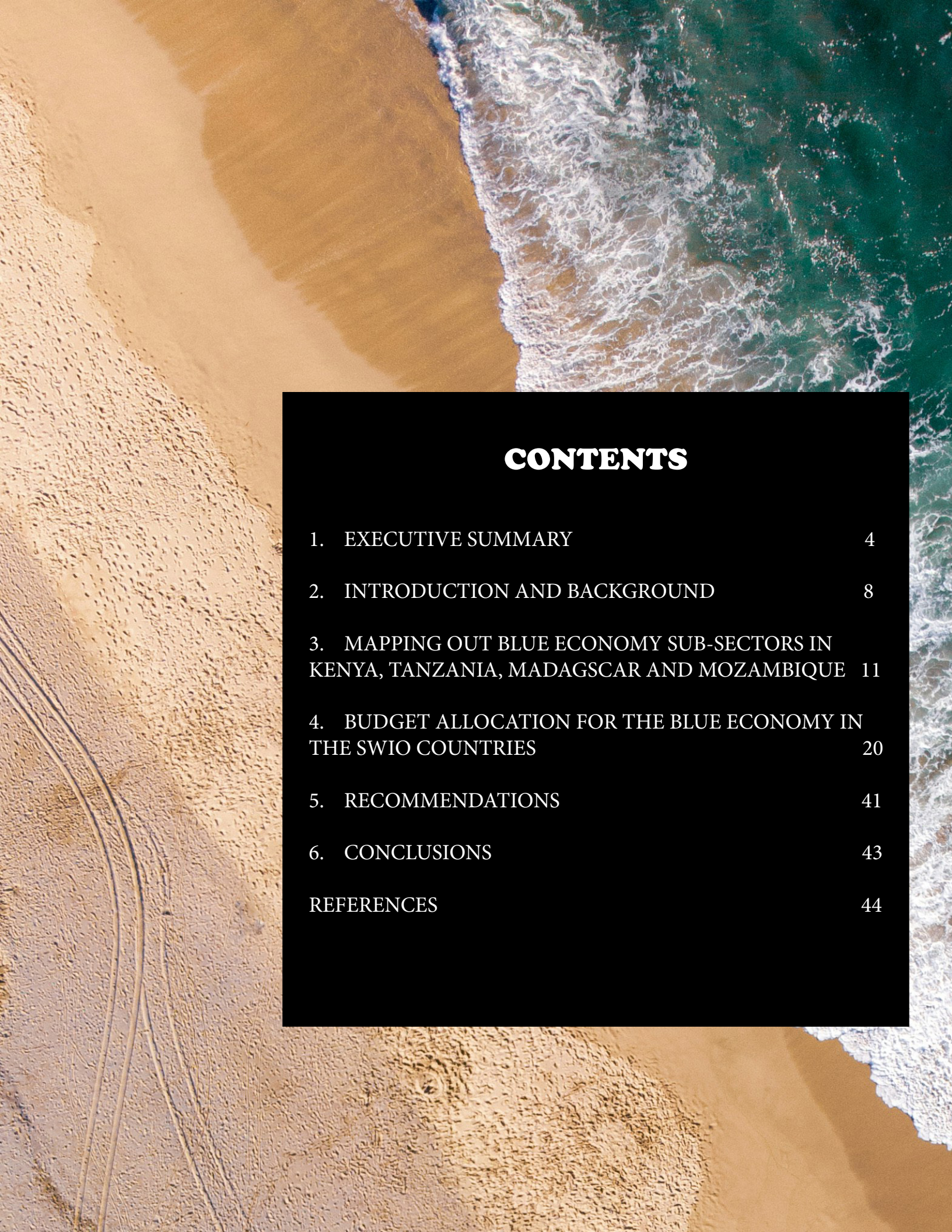


ASSESSING GOVERNMENT BUDGET ALLOCATIONS FOR THE BLUE ECONOMY SECTOR IN THE SOUTH WEST INDIAN OCEAN REGION

A CASE STUDY OF KENYA, TANZANIA, MOZAMBIQUE AND
MADAGASCAR

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ACRONYMS AND ABBREVIATIONS

BE:	Blue Economy
CSO:	Civil Society Organization
DPs:	Development Partners
ECA:	The Economic Commission for Africa
EEZ:	The Economic Exclusion Zone
FAO:	Food and Agriculture Organization
GDP:	Gross Domestic Product.
IUU:	Illegal, Unreported and Unregulated fisheries
RECs:	Regional Economic Communities
IOC:	The Indian Ocean Commission
RFBs:	Regional Fisheries Management Bodies
RFMOs:	Regional Fisheries Management Organizations
IOTC:	The Indian Ocean Tuna Commission
SIOFA:	The South Indian Ocean Fisheries Agreement
UNFSA:	The United Nations Fish Stocks Agreement
USD:	United States Dollar
WB:	The World Bank
NGO:	Non-governmental Organization
SWIO:	Southwest Indian Ocean
WWF:	Worldwide Fund for Nature
SWIOTUNA:	Southwest Indian Ocean Tuna Forum
SWIOFC:	The Southwest Indian Ocean Fisheries Commission
UNCLOS:	United Nations Convention on the Law of the Seas
SADC:	The Southern Africa Development Community



EXECUTIVE SUMMARY

Kenya, Tanzania, Mozambique, and Madagascar are endowed with extensive coastlines, unique marine ecosystems, and rich biodiversity, positioning them to benefit significantly from the emerging Sustainable Blue Economy. This report analyses the architectural setup of blue economy and the budget allocation from the four SWIO countries for Financial years 2021/22, 2022/23, and 2023/24. The analysis further sheds light on how government spending aligns with the economic and ecological importance of the Blue Economy. Ultimately, it aims to inform policy interventions and advocacy efforts by identifying both the gaps and opportunities in resource allocation, enabling stakeholders to make informed decisions that support sustainable economic growth, job creation, and improved food security.

The findings indicate that, on average, only about 2% of the annual national budgets in Kenya, Tanzania, Mozambique, and Madagascar are allocated to Blue Economy sectors such as fisheries and aquaculture, marine transport and ports, eco-tourism and sustainable marine tourism, and marine renewable energy. Despite this limited investment, these sectors collectively generate significant economic value—contributing an estimated USD 2.5 billion per country annually, which, in some cases, is equivalent to or exceeds 20% of national budgetary revenues. This disparity highlights the underinvestment in high-potential Blue Economy sectors relative to their economic contribution and underscores the need for more strategic resource allocation to enhance sustainability and growth.

The findings further suggest, while Kenya and Tanzania allocate higher absolute amounts to Blue Economy sectors—approximately USD 1.12 billion and USD 0.85 billion, respectively, over a recent three-year period—Mozambique and Madagascar demonstrate a greater economic dependence on these sectors. In Madagascar, for example, ocean-based activities are estimated to contribute economic value equivalent to 55.56%

of the GDP, highlighting the outsized role of the Blue Economy in driving the country's overall economic performance. This contrast suggests that although financial allocations vary, the strategic and economic importance of the Blue Economy is particularly pronounced in countries with more limited fiscal capacity but greater marine resource. Although public spending on the Blue Economy remains modest, there has been a gradual upward trend in budget allocations across the four SWIO countries—a potentially positive indicator of growing political recognition of the sector's importance. Kenya and Tanzania, in particular, have earmarked increased funding for port development, marine infrastructure, and fisheries management. However, the impact of these planned investments is often undermined by delays and shortfalls in actual disbursements, which can lag behind approved allocations by 10–20%. This gap between commitment and execution limits the effectiveness of Blue Economy initiatives and poses a challenge to translating policy intent into tangible outcomes. To ensure real progress, it is essential to strengthen budgeting transparency, improve inter-agency coordination, and enforce accountability mechanisms that guarantee timely and full disbursement of allocated funds.

Key findings at a glance;

Country	Avg. BE Revenue (USD bn)	% of National Budget from BE	Avg. BE Allocation (USD bn)	% of Nat. Budget Allocated to BE
Kenya	2.5	8.42%	0.37	~1.2%
Tanzania	3.0	16.22%	0.28	~1.5%
Madagascar	2.0	55.56%	0.09	~2.0%
Mozambique	2.2	30.14%	0.18	~2.5%
Average	2.5	27.60%	0.23	~2.0%

A key outcome of this analysis is the clear need for stronger policy coherence and harmonized definitions of what constitutes the Blue Economy. Differences in how each country categorizes sub-sectors complicate regional comparisons and collaborative strategies. Developing a standardized framework—aligned with global goals like the United Nations Sustainable Development Goals (particularly SDG 14)—would enhance the region’s ability to tackle shared challenges such as illegal, unreported, and unregulated (IUU) fishing, declining fish stocks, and marine pollution. It would also pave the way for joint research initiatives, technology transfers, and more efficient cross-border trade and tourism efforts. Several clear policy recommendations emerge from these findings, aimed at improving both the visibility and effectiveness of Blue Economy investments in the SWIO region. First, governments

should consider establishing dedicated budget lines specifically labeled “Blue Economy,” rather than dispersing related expenditures across various ministries or sectors (e.g., fisheries, tourism, transport). This would enhance transparency, allow for more accurate tracking of how much is actually being invested in ocean-based sectors, and strengthen accountability for results. Second, countries could set a minimum investment threshold—such as allocating at least 5% of the national GDP to Blue Economy sectors. This would help align public investment with the sector’s economic importance. This would help align public investment with the sector’s economic importance, given that in many of these countries, ocean-based activities already contribute more than 3% to GDP, and have the potential to grow significantly with the right policy and infrastructure support.

In conclusion, while the Blue Economy in Kenya, Tanzania, Mozambique, and Madagascar has immense potential to drive sustainable economic growth, strengthen food security, and create livelihoods, several structural and financial challenges continue to limit its full realization. Key gaps include inadequate budget allocations, coupled with inefficiencies in fund disbursement and utilization. Although general policy frameworks exist, the absence of dedicated budget lines and targeted allocations for specific subsectors creates a significant data gap, making it difficult to

track investments, report expenditures, and assess actual financial commitments. This lack of structured investment and financial transparency not only constrains sector growth but also undermines its capacity to contribute meaningfully to national budgets and GDP. Overcoming these challenges will require firm budgetary commitments, enhanced financial tracking systems, and well-targeted strategic investments—critical steps toward unlocking the Blue Economy’s full socio-economic and environmental potential in the SWIO region.



1. INTRODUCTION AND BACKGROUND

The Blue Economy (BE) has increasingly gained global recognition as a critical pathway toward economic growth, environmental sustainability, and social inclusion (World Bank, 2017). At its core, the Blue Economy emphasizes sustainable use, conservation, and management of ocean and coastal resources to ensure these ecosystems remain resilient and productive for current and future generations (WWF, 2018). Key tenets of the Blue Economy therefore include the adoption of clean technologies, the promotion of renewable energy, and the implementation of circular economic models to maintain ecological productivity.

The African Union Commission, paints ‘Blue Economy’ to hold a particular significance, offering enhanced livelihood opportunities and substantial socioeconomic benefits (AUC, 2015). The African Union’s Agenda 2063 highlights the transformative potential of the Blue Economy in promoting job creation, industrial growth, and poverty reduction across the continent. This highlevel commitment is evident in policy instruments such as the Africa’s Blue Economy Policy Handbook (UNECA, 2016) Handbook (UNECA, 2016) and the Africa Blue Economy Strategy (AU-IBAR, 2019), both of which articulate strategic frameworks for the development of inland waters, coastal areas, and marine resources. These documents underscore Africa’s resolve to harness the myriad opportunities presented by the Blue Economy while safeguarding critical ecosystems.

A prime example of this potential lies in the Southwest Indian Ocean (SWIO) region, characterized by extensive coastlines and numerous island states. More than 100 million peo-

ple in the region live within ten kilometers of the coast, relying heavily on marine resources for sustenance, livelihoods, and food security (Obura et al., 2012). The Western Indian Ocean alone is valued at an estimated US\$333.8 billion and is renowned as a biodiversity hotspot. It hosts over 11,257 marine species, with 13% of those being endemic to the SWIO region (UNEP, 2020).

These figures underscore the region’s strategic position as a focal point for Blue Economy development. However, despite apparent advantages, realizing the full potential of the Blue Economy in the SWIO region hinges on effective governance and sustainable financing. Challenges such as fragmented management efforts, inadequate resource allocation, and limited accountability structures continue to constrain progress (UNECA, 2016; AU-IBAR, 2019). Establishing a robust financing framework—backed by transparent budget allocations—remains critical for aligning national priorities with the emerging opportunities in various Blue Economy subsectors, from fisheries and tourism to renewable ocean energy and maritime transport.

This analysis investigates budget allocations for Blue Economy subsectors in Kenya, Tanzania, Mozambique, and Madagascar, four SWIO countries with significant coastal and marine endowments. Specifically, it seeks to determine whether these nations are committing adequate financial resources to capitalize on their geographical and ecological advantages. By examining public spending patterns and identifying gaps in allocation, the study aims to shed light on each country’s

willingness and capacity to invest in Blue Economy initiatives that not only contribute to national GDP but also foster job creation, improve food security, and enhance overall economic resilience.

This analysis relies on secondary data sources, including government budget allocation books and official reports from Kenya, Tanzania, Madagascar, and Mozambique, to examine budgetary

commitments toward the blue economy. The analysis, also incorporates document reviews from various institutions, such as international and national civil society organizations, as well as global monitoring reports on the blue economy. These sources provide a comprehensive perspective on financial allocations and policy priorities within the sector (World Bank, 2021; UNECA, 2020)



2. MAPPING OUT OF BLUE ECONOMY SUB-SECTORS IN KENYA, TANZANIA, MADAGASCAR, AND MOZAMBIQUE

2.1. Overview

Mapping the scope and subsectors of the Blue Economy in the four Southwest Indian Ocean countries—Kenya, Mozambique, Madagascar, and Tanzania—is a complex task due to the absence of a harmonized blueprint across these nations. Among them, only Mozambique and Madagascar have developed a dedicated Blue Economy Development Strategy which explicitly defines and structures Blue Economy sub-sectors (Government of Mozambique, 2024). In contrast, the other two countries acknowledge the Blue Economy within broader policy frameworks or as components of other sectoral strategies, leading to variations in interpretation and implementation. Given this disparity, this report relies on available national documents, policies, and strategic plans from each country to contextualize the Blue Economy subsectors. By analyzing government reports, legislative frameworks, and sectoral policies, this analysis has managed to outline how each country conceptualizes and contextualize the respective Blue Economy

2.2. Country specific Blue Economy Sub-Sectors

2.2.1. Tanzania's BE Sub-Sectors

Tanzania has not developed a specific national Blue Economy strategy; however, the country has implemented Blue Economy activities through sectoral policies. Key sectors include fisheries, natural resources, tourism, water, agriculture, energy, transportation, mining, trade, and environmental conservation (United Republic of Tanzania [URT], 2023). The Blue Economy is primarily guided by the Zanzibar Blue Economy Policy (2022) and the National Blue Economy Policy (2024) (Revolutionary Government of Zanzibar, 2022; URT, 2024). These policies aim to enhance Blue Economy development and GDP contribution, with a focus on sustainable fisheries, renewable energy, maritime transport, coastal tourism, and environmental conservation

Key BE sub-sectors in Tanzania include:



1. Fisheries and Aquaculture: Tanzania's fisheries and aquaculture sector focuses on promoting sustainable fishing practices and expanding aquaculture to ensure food security and support the livelihoods of coastal communities. With the support of the Food and Agriculture Organization (FAO), efforts are being made to implement regulations that prevent overfishing and protect fish stocks, while encouraging the development of sustainable fish farming practices. These initiatives aim to enhance productivity, protect marine ecosystems, and create long-term economic benefits for the country (FAO, 2023).

2. Maritime Transport: Tanzania's maritime transport sector is undergoing significant infrastructure development to improve its ports and shipping services, facilitating trade and boosting the economy. With support from the United Nations Conference on Trade and Development (UNCTAD), investments in port modernization, logistics systems, and regulatory frameworks are being made to increase efficiency, reduce costs, and expand Tanzania's position as a regional trade hub. The development of key infrastructure will also enhance connectivity with global markets, promoting the flow of goods and services (UNCTAD, 2023).

3. Tourism: Tanzania is prioritizing sustainable coastal and marine tourism to protect its rich marine biodiversity while fostering economic growth. The Revolutionary Government of Zanzibar, in collaboration with other stakeholders, has developed strategies to balance tourism development with environmental conservation. By promoting eco-tourism, ensuring the protection of coral reefs, and engaging local communities in tourism activities, the sector aims to increase revenues while preserving the natural resources that attract tourists

(Revolutionary Government of Zanzibar, 2022).

4. Energy: Tanzania is exploring offshore renewable energy resources, such as wind and tidal power, to diversify its energy mix and reduce dependency on fossil fuels. With guidance from the World Bank, the country is investing in renewable energy projects in its coastal waters, harnessing the potential of the Blue Economy to generate clean, sustainable energy. These initiatives aim to meet growing energy demands, support economic growth, and contribute to the global effort to combat climate change (World Bank, 2023).

5. Natural Resource Management: Sustainable marine and freshwater resource management is essential for ensuring the long-term health of Tanzania's water bodies and the communities that depend on them. The government, alongside partners such as the United Republic of Tanzania (URT), is working on strategies to manage fisheries, protect wetlands, and safeguard freshwater sources. These efforts are critical for maintaining biodiversity, promoting sustainable agriculture, and ensuring water availability for future generations (URT, 2023).

6. Environmental Conservation: Protecting aquatic ecosystems is a key focus of Tanzania's environmental conservation efforts, which aim to preserve the health of both marine and freshwater environments. The United Nations Environment Programme (UNEP) supports initiatives to safeguard ecosystems such as coral reefs, mangroves, and wetlands. These conservation measures are vital for maintaining biodiversity, supporting livelihoods, and mitigating the impacts of climate change, ensuring that Tanzania's natural resources continue to thrive for future generations (UNEP, 2023).

2.2.2. Madagascar's BE Sub-Sectors

Madagascar has also made notable progress in developing its Blue Economy framework, integrating ocean resource utilization with environmental sustainability. While a comprehensive national Blue Economy strategy is still in development, the country has established several key instruments to guide this integration: National Ocean Policy: This policy provides a strategic framework for the sustainable management of Madagascar's vast marine resources, aiming to balance economic development with environmental conservation: Blue Economy Strategy and Investment Plan: This plan outlines specific actions and investments to promote sustainable economic activities within the Blue Economy, focusing on sectors such as fisheries, aquaculture, and marine tourism: Marine Spatial Planning (MSP) Framework: MSP is employed to delineate marine areas for various uses, ensuring that activities like fishing, tourism, and con-

servation are harmonized to prevent conflicts and promote sustainable practices.

To facilitate cross-sectoral collaboration, the Blue Economy and Ocean Governance (BE&OG) Cluster has been established. This multi-sectoral national coordinating committee brings together public sector entities, private sector stakeholders, civil society organizations, and NGOs involved in ocean-related activities. The BE&OG Cluster aims to ensure cohesive implementation of the Blue Economy initiatives across various sectors. As a result of the frameworks instruments developed around the blue economy; Madagascar's Blue Economy encompasses several key sub-sectors, each playing a crucial role in the nation's sustainable development.



1. Fisheries and Aquaculture: Madagascar's fisheries and aquaculture sector focuses on sustainable practices, aiming to increase production while preserving marine resources. Shrimp farming and seaweed cultivation are key activities, offering potential for economic growth and diversification. However, challenges remain, including overfishing, habitat degradation, and the need for improved processing and market access. (FAO, 2022; World Bank, 2020)

2. Marine Conservation and Protected Areas: Recognizing the importance of its unique marine biodiversity, Madagascar has established a network of Marine Protected Areas (MPAs). These areas, often managed through community-led initiatives, aim to conserve critical habitats and species, ensuring the long-term health of marine ecosystems. Effective management and enforcement within MPAs are crucial for their success. (Bingham et al., 2019; Jones et al., 2018)

3. Marine Spatial Planning (MSP): Madagascar utilizes Marine Spatial Planning (MSP) as a tool to balance competing demands for marine resources. MSP processes aim to allocate ocean space for various uses, such as fishing, aquaculture, tourism, and conservation, in a way that minimizes conflicts and promotes sustainable development. Effective MSP requires stakeholder engagement and robust data. (Ehler & Douvère, 2009; IOC-UNESCO, 2011)

4. Maritime Transport and Port Services: Improving maritime transport and port infrastructure is a priority for Madagascar, as it is essential for facilitating trade and economic growth. Modernizing ports, enhancing connectivity, and

improving logistics are key steps in developing this sector. (UNCTAD, 2021; World Bank, 2019)

5. Ecotourism: Madagascar's rich marine biodiversity makes ecotourism a promising sector. By attracting tourists interested in experiencing the country's natural beauty, ecotourism can generate revenue and create jobs while simultaneously promoting environmental conservation. Sustainable ecotourism practices are crucial to minimize negative impacts and ensure benefits accrue to local communities. (Honey, 2008; Newsome et al., 2002).

6. Marine Research and Education: Investing in marine research and education is vital for informed decision-making and sustainable management of Madagascar's marine resources. Developing local scientific capacity, promoting ocean literacy, and supporting research institutions are essential for understanding and addressing the challenges facing the marine environment. (Kearney et al., 2010; NOAA, 2023)

7. Maritime Surveillance: Combating illegal fishing and ensuring maritime security are crucial components of Madagascar's Blue Economy strategy. Strengthening surveillance capabilities, improving enforcement, and collaborating with international partners are necessary to protect marine resources and ensure the long-term sustainability of the sector. (Agnew et al., 2009; MRAG, 2022)

2.2.3. Mozambique's BE Sub-Sectors

Mozambique has made significant strides in advancing its Blue Economy through the approval of the Blue Economy Development Strategy (EDEA) for 2024–2033. This comprehensive strategy aims to harmonize the exploitation of ocean resources with environmental sustainability, positioning the Blue Economy as a pivotal driver of national economic growth.



1. Fisheries and Aquaculture: Recognizing the critical role of fisheries in food security and economic development, the strategy seeks to enhance sustainable fishing practices and promote aquaculture. This approach aims to boost fish production, create employment opportunities, and improve the livelihoods of coastal communities.

2. Renewable Energy and Marine Extractive Industry: Mozambique aims to harness its vast marine resources for renewable energy production, including wind and tidal energy. Additionally, the strategy focuses on the sustainable extraction of marine minerals, ensuring that these activities contribute to economic growth while preserving environmental integrity.

3. Natural Capital, Environment, and Circular Economy: This pillar emphasizes the conservation of marine and coastal ecosystems, promoting biodiversity and the sustainable use of natural resources. It advocates for a circular economy model that minimizes waste and encourages the recycling and reuse of materi-

als, thereby reducing environmental impact.

4. Tourism and Culture: Leveraging Mozambique's rich cultural heritage and pristine coastal landscapes, this pillar aims to develop sustainable tourism that attracts international visitors. The strategy seeks to enhance cultural exchange, preserve historical sites, and generate revenue for local communities.

5. Maritime Transport and Port Logistics: Recognizing the strategic importance of its coastline, Mozambique plans to improve maritime transport infrastructure and port logistics. This includes modernizing ports, enhancing shipping services, and facilitating trade to boost economic connectivity both regionally and globally.

6. Maritime Security: Ensuring the safety and security of maritime activities is crucial. The strategy outlines measures to combat illegal fishing, piracy, and other maritime threats, thereby safeguarding the nation's marine resources and promoting a secure environment for economic activities.

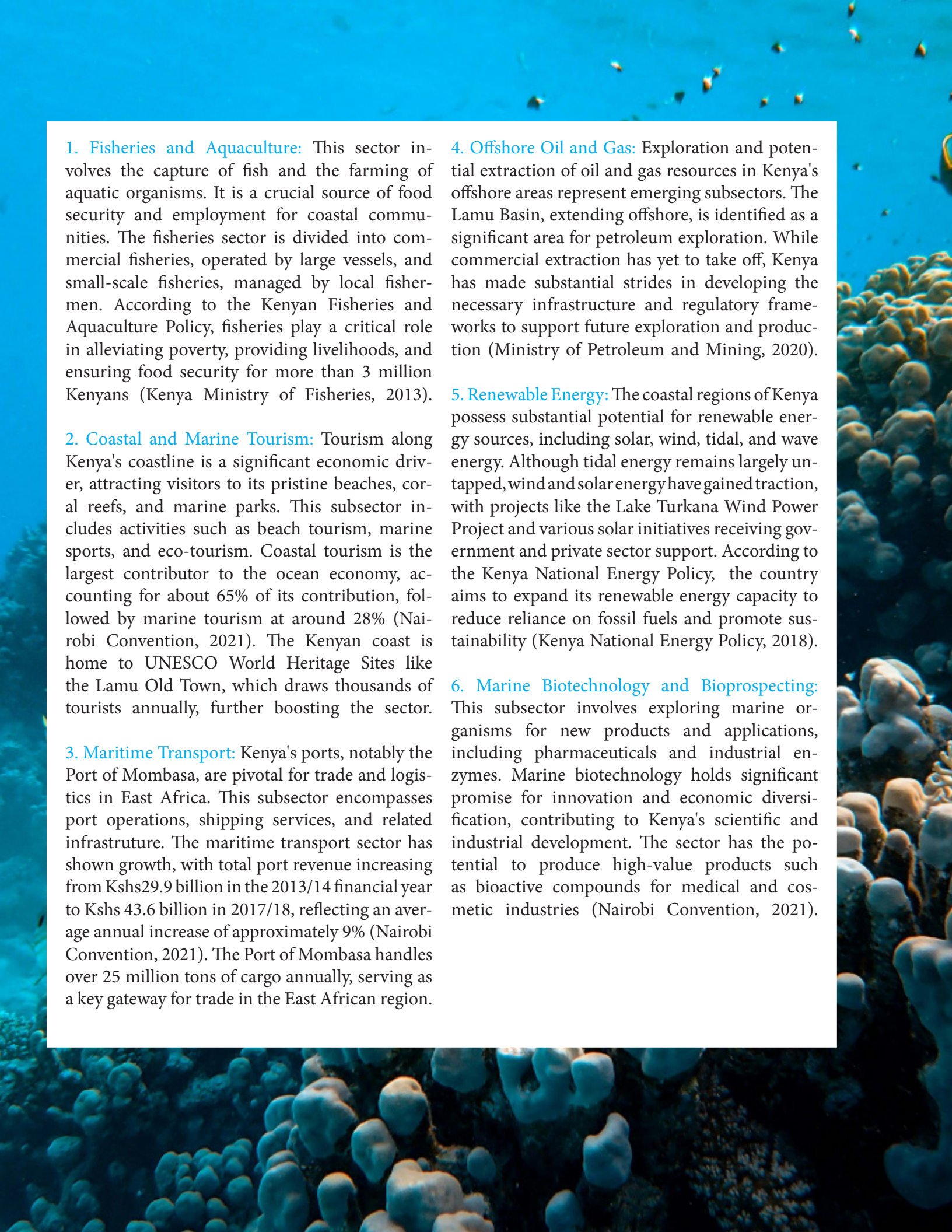
Focusing on these pillars, Mozambique aims to achieve a balanced and sustainable Blue Economy that contributes significantly to the nation's Gross Domestic Product (GDP). Projections indicate that with strategic investments and sustainable growth, the Blue Economy could contribute up to 300 billion meticals (basic monetary unit of Mozambique) to the GDP by 2030. Mozambique is also a signatory to international agreements such as the United Nations Convention on the Law of the Sea (UNCLOS, 1982), the International Maritime Organization (IMO) conventions, and the Nairobi Convention for Marine and Coastal Protection (Government of Mozambique, 2024). The country has updated its maritime policies to enhance coordination, investment, and conservation efforts.

2.2.4. Kenya's BE Sub-Sectors

Kenya has yet to adopt a specific Blue Economy Strategy, though efforts are underway to develop one (Government of Kenya, 2023). Instead, Kenya defines its Blue Economy scope through various policy and regulatory frameworks, including: The Fisheries Management and Development Act (CAP 378, RE 2022): Governing fisheries management (Republic of Kenya, 2012a): The Environmental Management and Coordination Act (CAP 387, RE 2012): Addressing marine environmental protection (Republic of Kenya, 2012b): Kenya Vision 2030: Integrating the Blue Economy into national development goals (Government of Kenya, 2023).

Kenya's Blue Economy governance is coordinated by the State Department for Fisheries and the Blue Economy (SDF-BE), housed under the Ministry Mining, Blue Economy and Maritime affairs (Executive Order No. 1/2016). The department oversees fisheries, aquaculture, maritime transport, marine conservation, and blue economy investments (Republic of Kenya, 2023). From the above frameworks, Kenya's blue economy encompasses a diverse range of sub-sectors that significantly contribute to its economic development. The primary subsectors include: for the below sectors if you can make reference to the correct act- Fisheries management and development act , revised edition of 2022...



An underwater photograph showing a vibrant coral reef in the foreground and middle ground, with numerous small, colorful fish swimming in the clear blue water above. The scene is brightly lit, suggesting a shallow depth.

1. Fisheries and Aquaculture: This sector involves the capture of fish and the farming of aquatic organisms. It is a crucial source of food security and employment for coastal communities. The fisheries sector is divided into commercial fisheries, operated by large vessels, and small-scale fisheries, managed by local fishermen. According to the Kenyan Fisheries and Aquaculture Policy, fisheries play a critical role in alleviating poverty, providing livelihoods, and ensuring food security for more than 3 million Kenyans (Kenya Ministry of Fisheries, 2013).

2. Coastal and Marine Tourism: Tourism along Kenya's coastline is a significant economic driver, attracting visitors to its pristine beaches, coral reefs, and marine parks. This subsector includes activities such as beach tourism, marine sports, and eco-tourism. Coastal tourism is the largest contributor to the ocean economy, accounting for about 65% of its contribution, followed by marine tourism at around 28% (Nairobi Convention, 2021). The Kenyan coast is home to UNESCO World Heritage Sites like the Lamu Old Town, which draws thousands of tourists annually, further boosting the sector.

3. Maritime Transport: Kenya's ports, notably the Port of Mombasa, are pivotal for trade and logistics in East Africa. This subsector encompasses port operations, shipping services, and related infrastructure. The maritime transport sector has shown growth, with total port revenue increasing from Kshs 29.9 billion in the 2013/14 financial year to Kshs 43.6 billion in 2017/18, reflecting an average annual increase of approximately 9% (Nairobi Convention, 2021). The Port of Mombasa handles over 25 million tons of cargo annually, serving as a key gateway for trade in the East African region.

4. Offshore Oil and Gas: Exploration and potential extraction of oil and gas resources in Kenya's offshore areas represent emerging subsectors. The Lamu Basin, extending offshore, is identified as a significant area for petroleum exploration. While commercial extraction has yet to take off, Kenya has made substantial strides in developing the necessary infrastructure and regulatory frameworks to support future exploration and production (Ministry of Petroleum and Mining, 2020).

5. Renewable Energy: The coastal regions of Kenya possess substantial potential for renewable energy sources, including solar, wind, tidal, and wave energy. Although tidal energy remains largely untapped, wind and solar energy have gained traction, with projects like the Lake Turkana Wind Power Project and various solar initiatives receiving government and private sector support. According to the Kenya National Energy Policy, the country aims to expand its renewable energy capacity to reduce reliance on fossil fuels and promote sustainability (Kenya National Energy Policy, 2018).

6. Marine Biotechnology and Bioprospecting: This subsector involves exploring marine organisms for new products and applications, including pharmaceuticals and industrial enzymes. Marine biotechnology holds significant promise for innovation and economic diversification, contributing to Kenya's scientific and industrial development. The sector has the potential to produce high-value products such as bioactive compounds for medical and cosmetic industries (Nairobi Convention, 2021).



3. BUDGET ALLOCATION FOR THE BLUE ECONOMY IN THE SWIO COUNTRIES

According to the analysed budget documents¹, the respective South West Indian Ocean Countries do not publish separate, detailed budget lines specifically labelled as “Blue Economy.” Instead, funding is often embedded within allocations to various subsectors or components such as Fisheries, Maritime Transport, Environment, Water Resources, Tourism, and related sectors. As presented in the context analysis of this report, while these SWIO countries differ in terms of how they categorise some blue economy subsectors or components; they also share some key components such as fisheries, aquaculture, maritime transport, port infrastructure, coastal tourism, marine conservation and offshore energy in their definition and scope of Blue Economy. Because each country publishes its budget in local currency, the indicated figures have been converted to approximate U.S. dollar values. These USD figures are estimates that depend on prevailing exchange rates at the time of conversion². Where available, estimates have been derived from official national budgets, ministerial statements, or international agency reports; in some cases, the figures represent only a subset of total “Blue Economy” initiatives (e.g., fisheries and maritime development). Below is a high-level summary of publicly reported (or estimated) national and related blue economy budget and allocations for Kenya, Tanzania, Madagascar, and Mozambique for the indicated fiscal years, converted to approximate U.S. dollar values.

3.1. Overall National Budget Allocations

¹ Government budget sources: -

- Republic of Kenya. (2021–2023). Budget Statements and Estimates for FY 2021/22, FY 2022/23, and FY 2023/24. The National Treasury. <https://www.treasury.go.ke/>
- United Republic of Tanzania. (2021–2023). Budget Speech and Finance Acts for FY 2021/22, FY 2022/23, and FY 2023/24. Ministry of Finance and Planning. <https://mof.go.tz/>
- République de Madagascar. (2021–2023). Lois de Finances pour FY 2021/22, FY 2022/23, et FY 2023/24. Ministère de l'Économie et des Finances. <https://www.mef.gov.mg/>
- República de Moçambique. (2021–2023). Proposta do Orçamento do Estado para FY 2021/22, FY 2022/23, e FY 2023/24. Ministério da Economia e Finanças. <https://www.mef.gov.mz/>

²Converting local currency to USD depends on fluctuating exchange rates and the timing of data collection as provided by the respective authority. For the purpose of this report, the conversion sources are;-

- Central Bank of Kenya. (n.d.). Forex Exchange Rates. <https://www.centralbank.go.ke/>
- Bank of Tanzania. (n.d.). Indicative Foreign Exchange Rates. <https://www.bot.go.tz/>
- Banco de Moçambique. (n.d.). Exchange Rate Statistics. <https://www.bancomoc.mz/>
- IMF. (n.d.). Data and Statistics. <https://www.imf.org/en/Data>

Over the last three fiscal years, Kenya has consistently recorded the highest average national budget allocation among SWIO countries, reaching average allocation of 29.7 billion USD. This considerable funding enables the Kenyan government to invest in diverse sectors, including spending in the blue economy sub sectors and advancing socio-economic development. Kenya’s robust fiscal capacity also creates opportunities to attract foreign investment and strengthens the country’s overall economic resilience.

Following closely is Tanzania, with an average annual budget allocation of 18.5 billion USD, reflecting a similarly strong commitment to public spending. Mozambique, with an average of 7.5 billion USD, maintains relatively moderate budgetary provisions for development programs despite facing

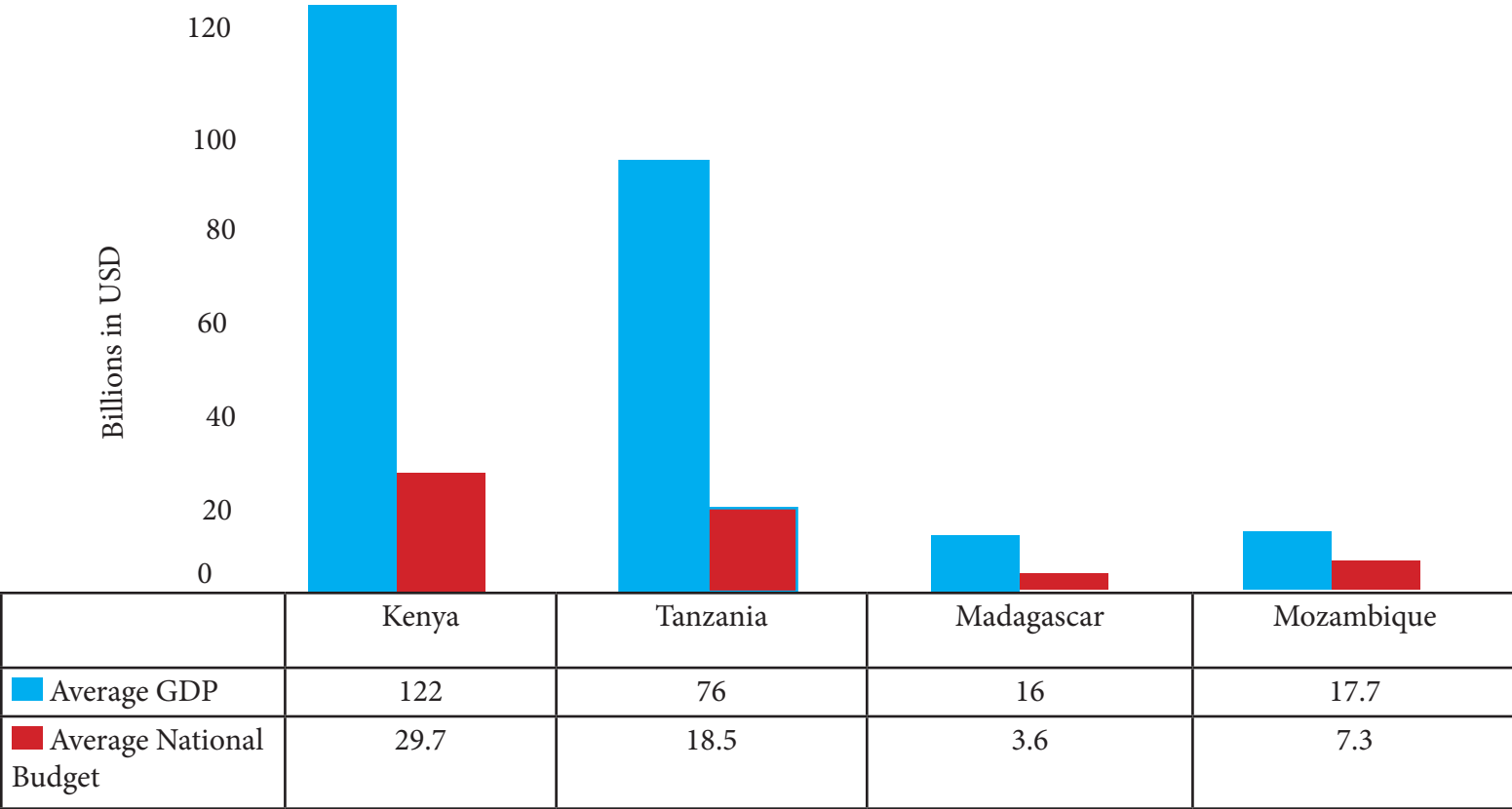
various economic constraints. These allocations support essential initiatives aimed at enhancing public services, fostering industrial growth, and improving the overall well-being of their respective populations.

Madagascar has the smallest budget allocation among the SWIO nations, averaging 3.6 billion USD over the last three financial years. This comparatively lower figure underscores the country’s narrower revenue base and the fiscal limitations it confronts in addressing social services including financing for the blue economy. Madagascar often relies heavily on external funding and international partnerships to supplement its development needs. The table below provide for annual national budget allocations and respective average spending for the last three financial years;

Table 3: Overall Annual National Budget Allocation Trends for the selected SWIO Countries				
	Kenya (\$ billion)	Tanzania (\$billion)	Madagascar (\$billion)	Mozambique (\$ billion)
2021/22	28	17	3.2	6.5
2022/2023	30	18.5	3.5	7.5
2023/2024	31	20	4	8
Total	89	55.5	10.7	22
Average	29.7	18.5	3.6	7.3

It is important to recognize that a country’s annual budget allocation is closely linked to its overall economic size, as measured by GDP. Directly comparing absolute budget figures across nations may be misleading, since it does not account for differences in economic structures or levels of development. Instead, understanding each nation’s GDP offers deeper insight into how effectively a government may be investing in public programs, infrastructure, and social services relative to its economic resources. A higher GDP can allow for a larger budget in absolute terms, but the true measure of fiscal priority often lies in the share of the budget relative to GDP, rather than in raw expenditure figures alone. The figure below illustrates the comparative allocation of these countries’ average GDP and corresponding annual budget allocations over the last three financial years (2021/22, 2022/23, and 2023/24): -

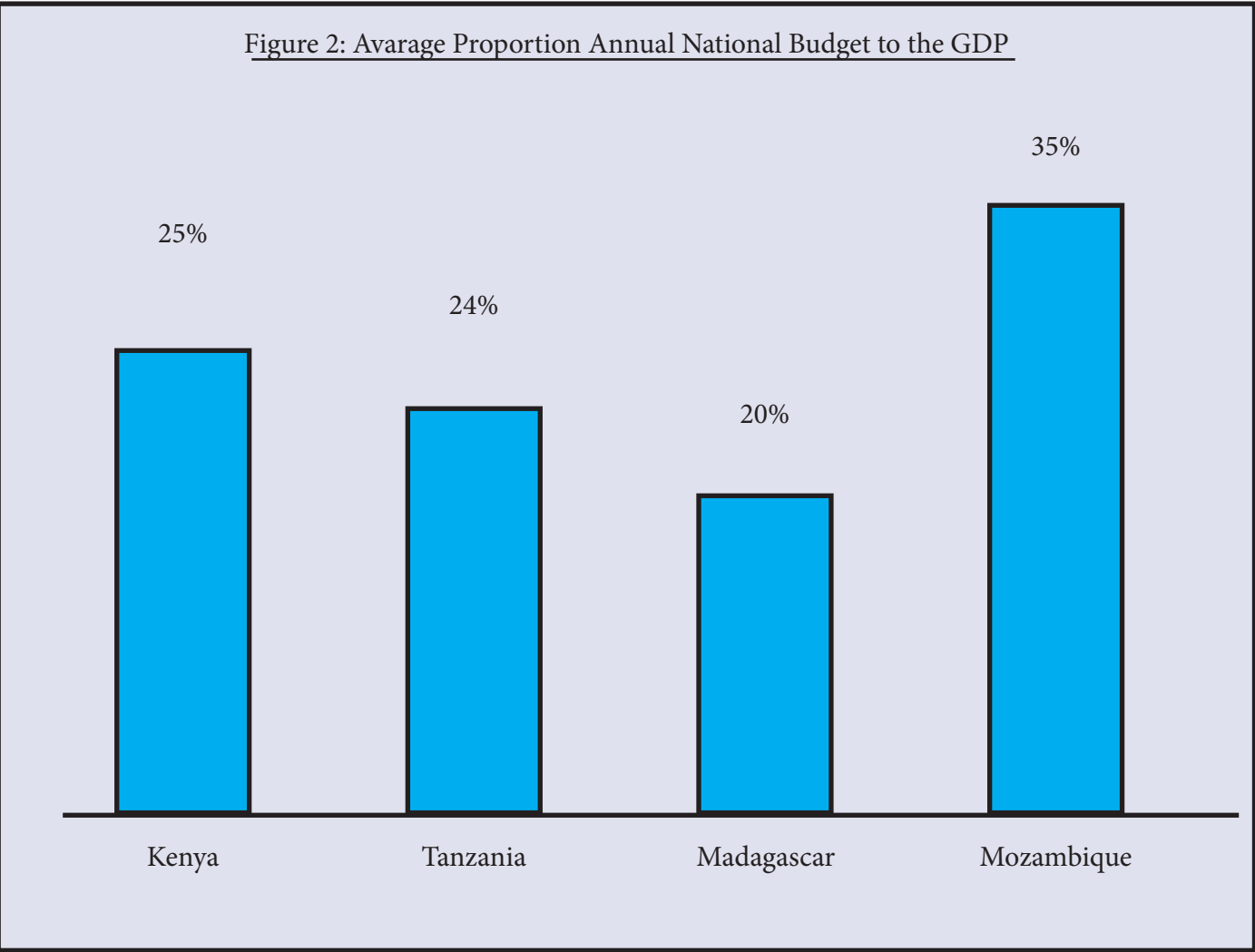
Figure 1: Avarage GDP vs Avarage Annual National Budget for the past three FYs



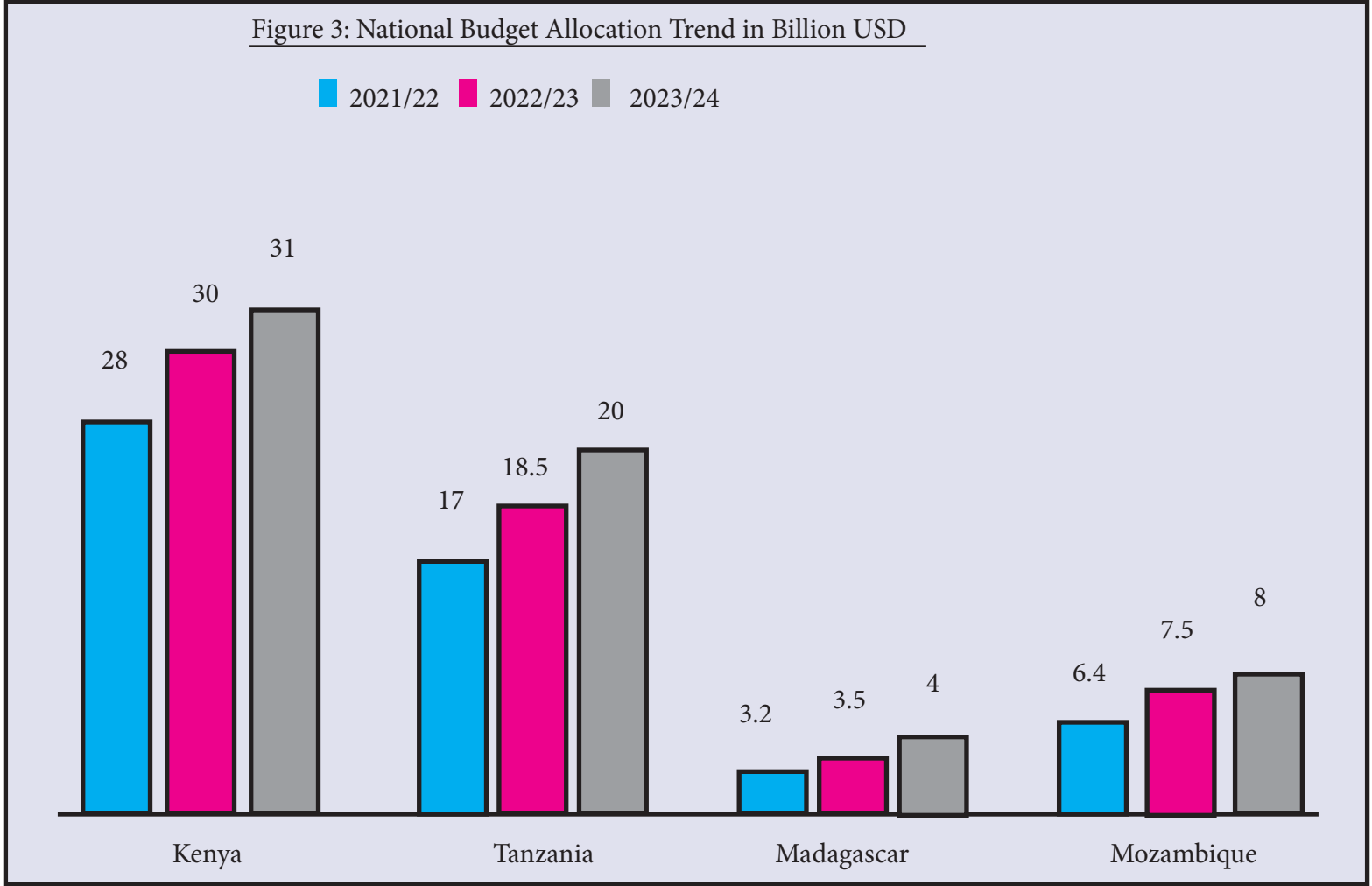
The ratio of a national budget to GDP is an essential indicator of how much the government intervenes in the economy, typically showcased by robust investment in social programs and infrastructure. From the figures above, while Kenya has the highest GDP and average national budget allocation, Mozambique’s budget proportion to the GDP tends to be on the higher end (often above 30% of GDP), suggesting a substantial share of government intervention and potentially greater emphasis on public sector-led initiatives. Kenya and Tanzania generally fall within the mid-20% range, indicating robust gov-

ernment spending programs balanced against growing private sectors. Madagascar, though its budget ratio has recently hovered between 17–20%, must also contend with a lower per-capita GDP base, which affects the absolute level of public spending. Overall, the differences in these ratios highlight how each government balances its fiscal priorities including the blue economy sub sectors

The figure below, presents average proportion spending of the GDP for the past three years; -



Despite the variations in average allocations—largely influenced by each country’s GDP—overall budgetary trends have increased steadily across all four SWIO countries. From a blue economy perspective, these rising national budget allocations suggest that related sub-sector expenditures, including those targeting ocean-based industries and conservation, may also see progressive growth. A more detailed comparison of these trends will be presented in subsequent chapters, specifically exploring how each nation’s budgetary framework supports and advances the blue economy. The figure below illustrates the upward trend in national budget allocations for the four SWIO countries over the last three financial years.



3.2. Blue Economy Budget Allocations

3.2.1. Overall Blue Economy Budget Allocation

Over the last three financial years (2021/22, 2022/23, and 2023/24), Kenya and Tanzania have been at the forefront of blue economy funding in the Southwest Indian Ocean (SWIO) region. Kenya allocated a total of USD 1.12 billion and Tanzania USD 0.85 billion for marine conservation, fisheries, maritime infrastructure, and related economic activities. Meanwhile, Mozambique and Madagascar have also demonstrated significant commitments by allocating USD 0.53 billion and USD 0.27 billion respectively, showcasing the region’s growing emphasis on harnessing oceanbased opportunities.

Such allocations indicate a regional shift toward investments in coastal communities, marine research, and sustainable fisheries, which is expected to yield long-term social and economic benefits. By analyzing these figures, policymakers and stakeholders can gain insights into the evolving priorities within the SWIO region and make informed decisions on future resource mobilization. The noticeable funding commitments suggest an opportunity for stronger partnerships among SWIO nations to share knowledge, best practices, and technology for a more cohesive approach to sustainable marine development. The table below provides further details on these blue economy allocation trends, highlighting each country’s dedication to developing and sustaining blue economy resources

Table 4: Total Blue Economy allocation (in billion USD) for the past three years				
	Kenya (\$ billion)	Tanzania (\$billion)	Madagascar (\$billion)	Mozambique (\$ billion)
2021/22	0.35	0.25	0.08	0.15
2022/2023	0.37	0.27	0.09	0.18
2023/2024	0.40	0.31	0.10	0.20
Total	1.12	0.85	0.27	0.53
Average in 3yrs	0.37	0.28	0.09	0.18

Across the four countries in the Southwest Indian Ocean (SWIO) region, an average of 2% of their annual national budgets is allocated to blue economy activities. Over the last three financial years, these nations collectively directed approximately USD 0.92 billion toward marine conservation, fisheries, maritime infrastructure, and blue economy related initiatives. This collective investment is part of a combined total average national budget of USD 177.2 billion for the same period.

Kenya and Tanzania led in terms of average total blue economy budget allocations, spending USD 0.37 billion and USD 0.28 billion, respectively. Interestingly, Madagascar—despite having the lowest allocation (USD 0.09 billion)—achieved the highest average percentage of blue economy expenditure relative to its national budget at around 2.52%. Mozambique followed closely with an average allocation of USD 0.18 billion, representing about 2.4% of its national budget. Kenya and Tanzania allocated average of 1.25% and 1.5% of their annual national budget respectively in the last three financial years. The figures below further illustrate these respective averages and the proportion of each country’s blue economy spending relative to its total budget over the past three financial years.

Figure 4: Average BE Allocation for 2021/22 - 2023/24 (USD Billion)

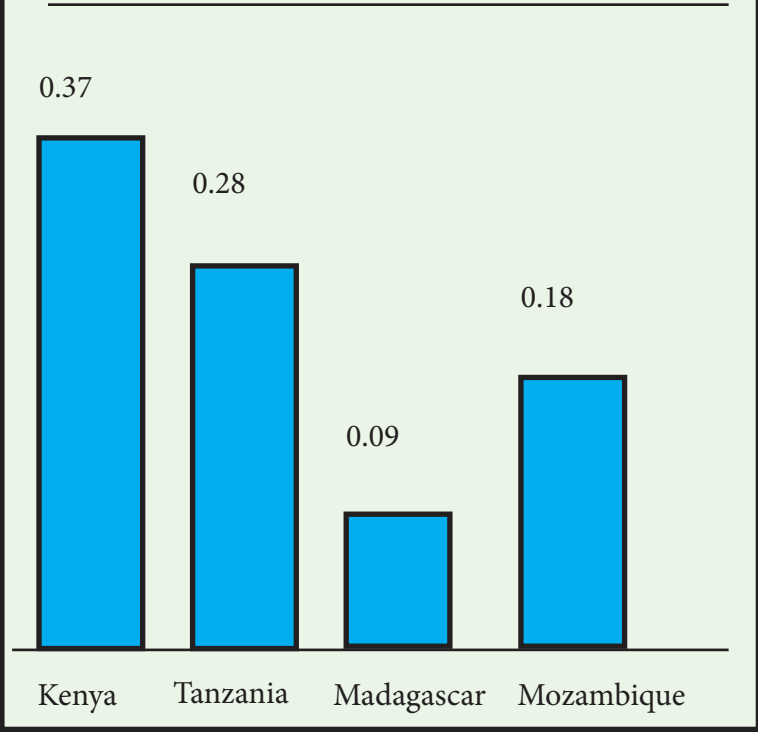
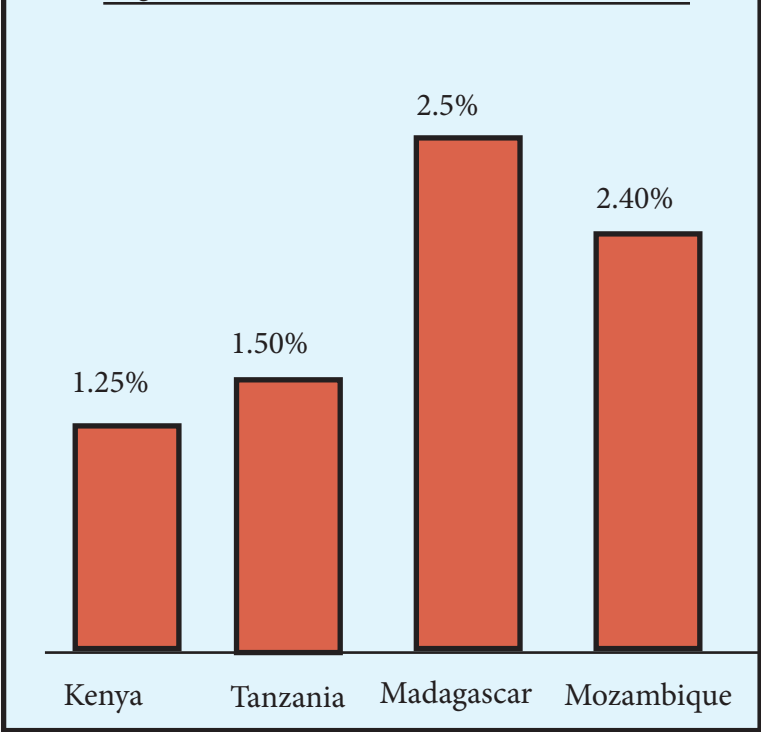


Figure 5: Average % Allocation of BE to National Budget (\$Billion) 2021/22 to 2023/24



3.2.2. Blue Economy Budget Allocation by Specific SWIO Country

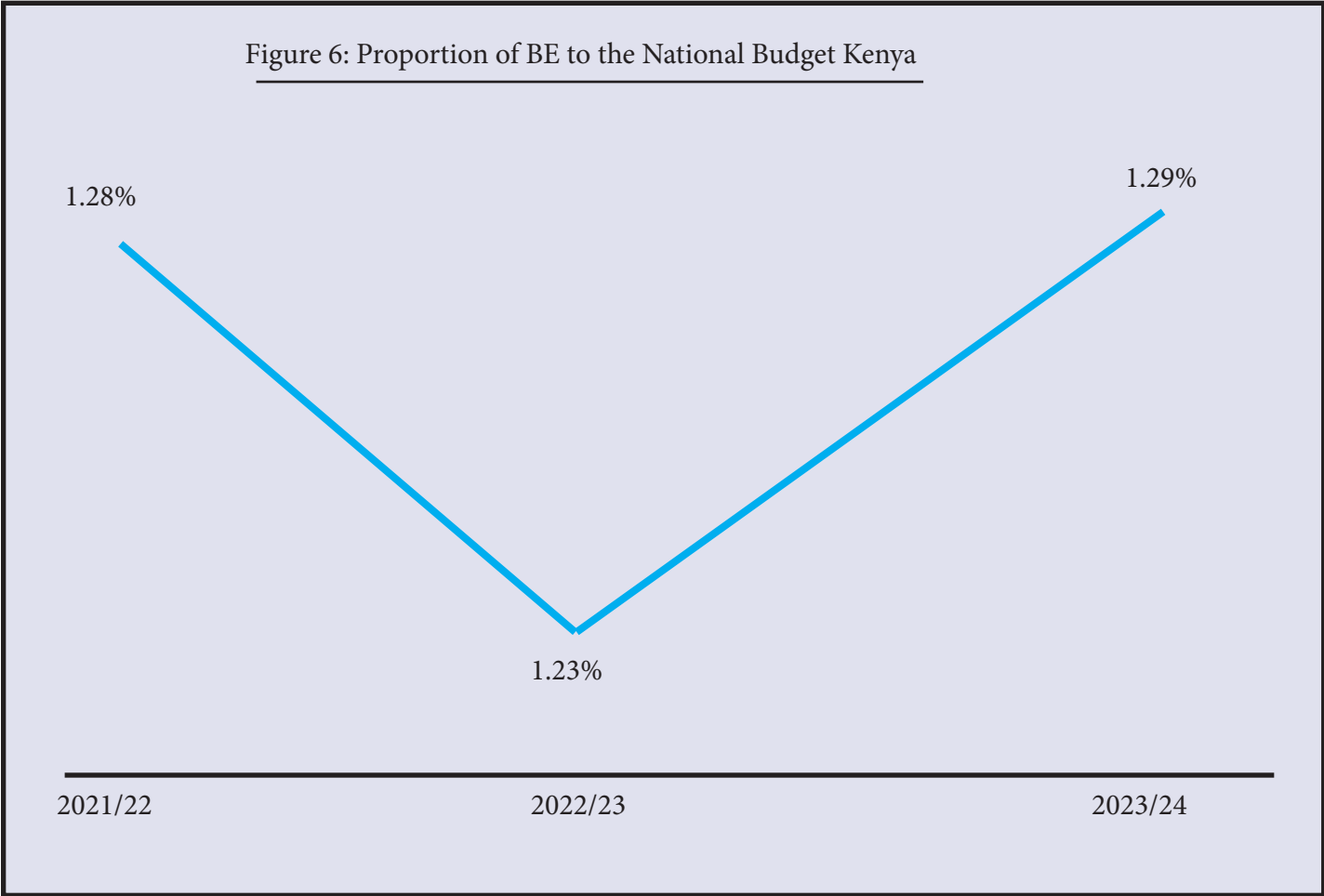
3.2.2.1. Kenya

Kenya’s national government references “Blue Economy” largely within the context of the Ministry of Mining, Blue Economy, and Maritime Affairs (created in 2022/2023 reorganization) and the State Department for Fisheries, Aquaculture, and the Blue Economy (previously under the Ministry of Agriculture, Livestock, Fisheries & Cooperatives). Under the State Department for Fisheries, Aquaculture, and the Blue Economy, allocations have ranged from US\$350–400 million annually (Kenya National Treasury, 2023; Ministry of Agriculture, Livestock, Fisheries & Cooperatives [Kenya], 2022). The budget lines include support for fisheries management, maritime infrastructure (e.g., ports, landing sites), aquaculture programs, and marine conservation. Derived mainly from fisheries and maritime affairs budget lines under the (former) Ministry of Agriculture, Livestock, Fisheries & Cooperatives. Reflecting increased emphasis on port infrastructure and fisheries development, as announced in Budget Policy Statements. The table below presents Kenya’s Blue Economy’s allocation trend for the past three financial years; -

Table 5: Kenya’s Blue Economy Allocation Trend			
	Blue Economy Allocation (\$ Billion)	National Budget(\$Billion)	BE% of National Budget
2021/22	0.35	28	1.28%
2022/2023	0.37	30	1.23%
2023/2024	0.40	31	1.29%
Total	1.12	89	1.26%
Average in 3yrs	0.37	29.7	1.25%

(Sources: Republic of Kenya 2021 -2023)3

Over the past three fiscal years, Kenya’s allocation to the Blue Economy has grown steadily—from USD 0.35 billion in 2021/22 to USD 0.37 billion in 2022/23 and USD 0.40 billion in 2023/24—yet it still accounts for less than 2% of the overall national budget. Notably, although the total amount of funding for the Blue Economy increased, its share of the total budget fluctuated during the same period. After standing at 1.28% in 2021/22, the share dropped to 1.23% in 2022/23 before rebounding to 1.29% in 2023/24. These shifts suggest that growth in Blue Economy in Kenya spending does not necessarily parallel changes in the broader national budget. Such fluctuations highlight the need for more consistent and strategically targeted investment in the Blue Economy to ensure long-term sector stability. The figure below, presents the fluctuation trend in the proportion of the BE budget to the National Budget in Kenya; -



Although the analysis above indicates that Kenya's allocations to the Blue Economy sector have steadily increased across the 2021/22, 2022/23, and 2023/24 fiscal years, reflecting the government's commitment to harness maritime resources and foster sustainable economic growth (National Treasury [Kenya], 2023). However, actual disbursements frequently trail these allocations by approximately 10–20% due to administrative bottlenecks and differing capacities for fund absorption at both national and county levels (Auditor General [Kenya], 2022).

In the 2021/22 fiscal year, for instance, only about 78% of the allocated funds for Blue Economy projects were ultimately disbursed, delaying progress on critical initiatives such as port upgrades and coastal community capacity-building (Kenya National Bureau of Statistics, 2023). Despite these challenges, concerted efforts to streamline procurement processes and improve interagency coordination have led to a notable improvement in fund absorption.

In FY 2022/23, government data indicate that 85% of the allocated Blue Economy budget was effectively disbursed and utilized, largely expended on coastal infrastructure upgrades and fisheries governance reforms (Auditor General [Kenya], 2022). This represented a 7% increase over the previous year's absorption rate, demonstrating the sector's growing efficiency in managing resources. Projections for 2023/24 suggest a continued upward trend in both allocation and utilization, with preliminary figures indicating that disbursements could approach 90% of allocated funds by the close of the fiscal year (National Treasury [Kenya], 2023). If realized, these improvements are expected to bolster employment opportunities, improve food security through more robust fisheries management, and enhance Kenya's standing as a leader in sustainable maritime development.

3 Republic of Kenya. (2021–2023). Budget Statements and Estimates (various years). Nairobi: The National

Treasury. <https://www.treasury.go.ke/>

State Department for Fisheries, Aquaculture, and the Blue Economy. (2021–2023). Ministerial Reports and Budget

Allocations. <https://kilimo.go.ke/>

3.2.2.2. Tanzania

Tanzania’s “Blue Economy” agenda has grown increasingly prominent in national and subnational-development strategies. On the Mainland, the Ministry of Livestock and Fisheries focuses on integrated marine resource management and port infrastructure, while in Zanzibar, the newly established Ministry of Blue Economy and Fisheries drives investments in maritime tourism and small-scale fisheries. Budget allocations reflect these priorities: Mainland Tanzania invests an average of US\$200–250 million annually in marine fisheries, coastal tourism, and port development (Ministry of Finance and Planning [Tanzania], 2023; MLF Tanzania, 2022), whereas Zanzibar, with its semi-autonomous budget, allocates around US\$50–60 million each year to promote maritime tourism and small-scale fisheries.

Over the past three financial years, Tanzania has assigned an average of 1.5% of its national budget to blue economy initiatives—a share that has increased alongside overall budget growth. Specifically, this proportion rose from 1.47% in 2021/22, when the national budget stood at US\$17 billion, to 1.57% in 2022/23 on a US\$18.5 billion budget, and settled at 1.55% in 2023/24 as the budget reached US\$20 billion. In total terms, budgetary allocations for blue economy activities scaled from US\$0.25 billion in 2021/22 to US\$0.29 billion in 2022/23, and further to US\$0.31 billion in 2023/24. The table below summarizes Tanzania’s blue economy budget trends over the past three financial years.

Table 6: Tanzania’s Blue Economy Allocation Trend			
	Blue Economy Allocation (\$ Billion)	National Budget(\$Billion)	BE% of National Budget
2021/22	0.25	17	1.47%
2022/2023	0.29	18.5	1.57%
2023/2024	0.31	20	1.55%
Total	0.85	55.5	1.53%
Average in 3yrs	0.28	18.5	1.5%

(Source URT, 2021-2023)

4 United Republic of Tanzania. (2021–2023). Budget Speeches and Estimates: Ministry of Finance and Planning. <https://mof.go.tz/>

Tanzania's Blue Economy expenditures primarily target fisheries development, coastal resource management, and port infrastructure improvements. Notably, Zanzibar has introduced dedicated funding streams for Blue Economy initiatives, while on the Mainland, the focus remains on artisanal fisheries and port expansion. Further efforts are directed at enhancing maritime transport and fishing infrastructure, along with promoting tourism-related coastal initiatives (MLF, 2022a; Revolutionary Government of Zanzibar, 2021).

Despite these initiatives, the disbursement rates of allocated funds vary across fiscal years. In FY 2021/22, approximately 80% of the Blue Economy budget was utilized, while in FY 2022/23, the figure dropped to around 75%, primarily due to procurement challenges and overlapping mandates among ministries (MLF, 2023). Projections for FY 2023/24 indicate a slight increase to around 78%, underscoring the ongoing need for streamlined governance and enhanced coordination among relevant agencies (MLF, 2022b).

Revolutionary Government of Zanzibar. (2021–2023). Budget Speeches (various years). Zanzibar: Ministry of Blue Economy and Fisheries. <https://www.mbeg.go.tz/>

3.2.2.3. Madagascar

Madagascar's Blue Economy portfolio largely falls under the purview of the Ministère de la Pêche et de l'Économie Bleue (Ministry of Fisheries and Blue Economy), established in 2022. Before this ministry's creation, the sector was overseen by the Ministry of Fisheries and Aquaculture. Official budget references are typically made in Malagasy ariary-MGA (official currency of Madagascar), with allocations to the ministry and related agencies estimated at US\$80–100 million annually.

These funds support coastal fisheries, aquaculture, and marine protected areas (Ministère des Pêches et de l'Économie Bleue [Madagascar], 2022). Additionally, conservation-focused grants and loans from international partners—including the World Bank, GEF, and the EU—supplement these official budgets, primarily targeting coastal resource management and limited marine conservation initiatives, including the exploration of offshore energy. The table below presents the Madagascar's blue economy budget allocation trend for the past three financial years; -

Table 7: Madagascar's Blue Economy Allocation Trend

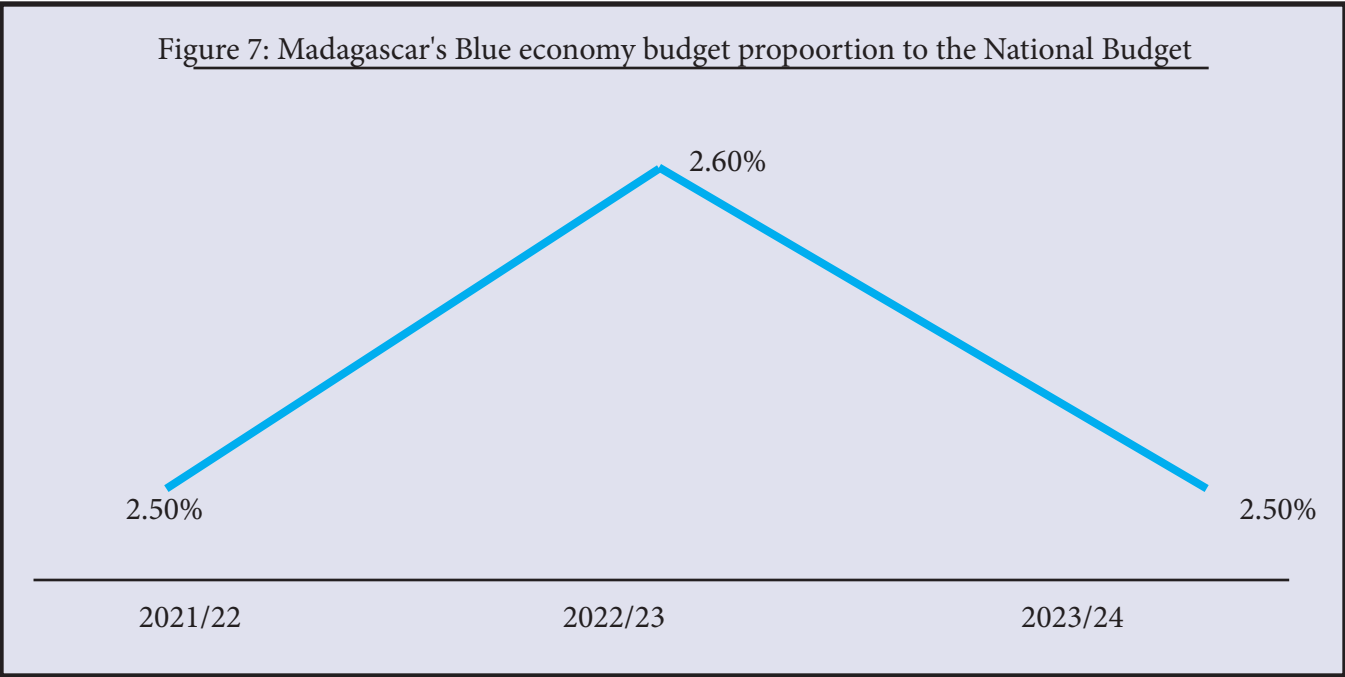
	Blue Economy Allocation (\$ Billion)	National Budget(\$Billion)	BE% of National Budget
2021/22	0.08	3.2	2.5%
2022/2023	0.09	3.5	2.6%
2023/2024	0.10	4.0	2.5%
Total	0.27	10.7	2.52%
Average in 3yrs	0.09	3.6	2.5%

(Source: République de Madagascar, 2021–2023)⁵

⁵ République de Madagascar. (2021–2023). Loi de Finances (various years). Antananarivo: Ministère de l'Économie et des Finances. <https://www.mef.gov.mg/>

Over the past three fiscal years, Madagascar has dedicated an average of 2.5% of its national budget to Blue Economy activities—an allocation proportionally higher than the rest of the Four SWIO countries. However, as with Kenya, Madagascar’s budget share for Blue Economy does not consistently increase alongside growth in the overall national budget. The allocation rose from 2.5% in 2021/22

to 2.6% in 2022/23, but then fell back to 2.5% in 2023/24. Although this decrease is not drastic, any downward trend could pose challenges for the ongoing development of the Blue Economy sector, especially in the context of rising opportunities across the southwestern Indian Ocean (SWIO) region. The figure below elaborates this up and down trend in Madagascar’s budget allocation trend; -



While Madagascar leads in terms of proportional allocation, the volatility of this funding underscores the need for more sustained and strategic investment. A stable or gradually increasing budget share can help the country expand its coastal fisheries, bolster aquaculture, and strengthen its marine conservation efforts. As other SWIO nations also work to grow their Blue Economies, Madagascar’s ability to maintain or increase its investment will be crucial for sustaining momentum and ensuring long-term economic and environmental benefits.

Over the past three fiscal years (2021/22, 2022/23,

and 2023/24), Madagascar’s Blue Economy initiatives have seen notable fluctuations in both budget disbursements and actual utilization. Although disbursement schedules largely kept pace with the planned allocations, the Auditorat Général de l’État [Madagascar] (2022) notes that actual utilization rates have consistently hovered between 70% and 80% of allocated funds. Key factors behind this shortfall include currency fluctuations affecting procurement costs, administrative bottlenecks that delay program implementation, and political uncertainties that disrupt long-term investment strategies (Auditorat Général de l’État [Madagascar], 2022).

Ministère de la Pêche et de l’Économie Bleue. (2022–2023). Press Releases and Budget Summaries.

For the 2023/24 period, Madagascar’s government had projected a modest budgetary increase aimed at deepening the maritime research infrastructure and expanding blue carbon initiatives (Ministry of Finance and Budget [Madagascar], 2023). Nonetheless, analysts remain cautious due to recurring challenges in project execution that risk undermining full budget utilization (Rakotondrabe & Rajaonarisoa, 2023).

Strengthening inter-ministerial coordination, enhancing transparency in financial management,

and proactively mitigating foreign exchange risks have been suggested as essential strategies to improve absorptive capacity and overall impact (Ministry of Fisheries and Blue Economy [Madagascar], 2023). This multifaceted approach—if coupled with stable political support—could help Madagascar optimize its Blue Economy programs, ensuring that a higher percentage of the allocated budget is utilized in the coming year (Auditorat Général de l’État [Madagascar], 2022).

3.2.2.4. Mozambique

Mozambique’s “Blue Economy” is primarily overseen by the Ministério do Mar, Águas Interiores e Pescas (Ministry of the Sea, Inland Waters, and Fisheries), with additional financial support from the ministries of environment and transport. These resources focus on coastal management, port development, and other marine-related endeavors. The government allocates approximately US\$150–200 million annually to the Ministry of the Sea, Inland Waters, and Fisheries for fisheries management, coastal resilience, and marine conservation (Ministry of Sea, Inland Waters and Fisheries [Mozambique], 2022). Further coastal development funds, amounting to US\$50–80 million per year, often support projects such as port rehabilitation, aquaculture, and climateadaptation measures.

Over the past three financial years, Mozambique has committed an average of 2.4% of its total national budget to activities linked to the Blue Economy, ranking it second among four Southwest Indian Ocean (SWIO) countries in terms of budget

proportion devoted to the sector. In tandem with the country’s overall economic growth, this proportion has been rising steadily, underscoring the increasing importance that the government places on sustainable marine and coastal initiatives. As a result, Mozambique’s Blue Economy programs have benefited from both the growing national budget and targeted investments in sectors like fisheries, marine conservation, and coastal resilience.

These investment trends indicate that Mozambique’s Blue Economy is expanding alongside its broader economic and fiscal growth. By prioritizing resource allocation to fisheries, aquaculture, port development, and climate-adaptive infrastructure, the government aims to safeguard the long-term health of its marine and coastal ecosystems. The table below further illustrates Mozambique’s evolving Blue Economy budget allocations in recent years, highlighting a consistent commitment to sustainable ocean and coastal development.

Table 8: Mozambique's Blue Economy Allocation Trend

	Blue Economy Allocation (\$ Billion)	National Budget(\$Billion)	BE% of National Budget
2021/22	0.15	6.5	2.3%
2022/2023	0.18	7.5	2.4%
2023/2024	0.20	8	2.5%
Total	0.53	22	2.4%
Average in 3yrs	0.18	7.3	2.4%

(Source: Republic of Mozambique 2021 -2023)⁶

Although Mozambique's Blue Economy has experienced a gradual increase in budget allocations over the past three fiscal years, actual budget execution rates for Mozambique's Blue Economy programs typically range between 60% and 70% (Auditor General [Mozambique], 2022). Several factors contribute to these relatively low execution levels. First, governance challenges—such as bureaucratic bottlenecks and limited administrative capacity—can delay the disbursement and utilization of funds (Auditor General [Mozambique], 2022). Second, donor funding, which constitutes a significant portion of Blue Economy financing, is often subject to stringent reporting requirements and timelines that do not always align with local processes. Lastly, pe-

riodic restructuring of government bodies responsible for maritime and coastal sectors may result in operational inefficiencies, causing funds to remain unspent by the end of each fiscal year (Ministry of Planning and Development [Mozambique], 2023).

Improving execution rates will be pivotal to ensuring that Mozambique's increasing budgetary commitments translate into tangible outcomes for coastal communities and marine ecosystems. Strengthening governance through enhanced transparency, accountability, and inter-ministerial coordination can help streamline processes and reduce bottlenecks (Auditor General [Mozambique], 2022).

⁶ República de Moçambique. (2021–2023). Proposta do Orçamento do Estado. Maputo: Ministério da Economia e Finanças. <https://www.mef.gov.mz/>

Ministério do Mar, Águas Interiores e Pescas. (2021–2023). Annual Sector Reports. <https://www.mimaip.gov.mz/>

3.3. Economic Contributions of the Blue Economy in the SWIO Region

The Southwest Indian Ocean (SWIO) region—which encompasses a vast maritime domain, lengthy coastlines, and numerous island states—hosts over 100 million people living within 10 kilometers of the coast (World Bank, 2017). These coastal populations heavily rely on marine and coastal resources for their livelihoods and food security (FAO, 2020a). The Western Indian Ocean alone has an estimated value of US\$333.8 billion and is recognized as a biodiversity hotspot (Obura et al., 2017). It is home to more than 11,257 marine species, with 13% of them being endemic to the SWIO region (UNEP-Nairobi Convention & WIOMSA, 2015). Given its immense economic potential and rich biological diversity, the SWIO region is strategically positioned to remain a focal area for Blue Economy development. Coastal tourism, fisheries, and maritime trade form the backbone of many SWIO economies. As climate change threats and overexploitation pressures grow, countries in the region are increasingly turning to a sustainable Blue Economy agenda to balance immediate economic gains with long-term ecological health (Nairobi Convention & WIOMSA, 2020).

3.3.1. Annual Revenue from Blue Economy-Related Goods and Services

Estimating the annual revenue derived from Blue Economy activities across the Southwest Indian Ocean (SWIO) region remains challenging due to fragmented data and inconsistent methodologies (World Bank, 2021). Nevertheless, current estimates and sectoral assessments provide a glimpse into the substantial contribution of marine and coastal economies in these nations. On average, each SWIO country generates an average of approximately USD 2.5 billion per year from the Blue Economy, leading to a combined annual total of around USD 10 billion for the four countries. Notably, Tanzania leads the group with an estimated USD 3.0 billion, followed by Kenya with USD 2.5 billion, Mozambique at USD 2.2 billion, and Madagascar at USD 2.0 billion. These figures highlight the strategic value of harnessing sustainable ocean-based resources for economic development, job creation, and poverty reduction (OECD, 2016; World Bank, 2021).

Kenya's Blue Economy-related activities, encompassing sectors such as fisheries, tourism, and

shipping, are estimated to generate between USD 2.0 and 2.5 billion annually (Ministry of Agriculture, Livestock, Fisheries & Cooperatives [Kenya], 2020). Within this spectrum, fisheries account for approximately USD 400–500 million, inclusive of both small-scale and industrial operations. Coastal tourism serves as a major economic driver, supporting significant employment in coastal counties such as Mombasa, Kwale, and Kilifi. Additionally, maritime commerce is bolstered by the Port of Mombasa, a critical shipping hub in East Africa.

In Tanzania, revenues from the Blue Economy are estimated at USD 2.5–3.0 billion per year (Ministry of Livestock and Fisheries [Tanzania], 2020). The fisheries sector, including the Zanzibar area, contributes around USD 300–400 million, derived from exports and domestic sales (FAO, 2020b). Marine tourism is notably robust around Zanzibar, Mafia Island, and Pemba, while investments in the ports of Dar es Salaam and Tanga underscore the expanding role of marine transport.

Mozambique’s Blue Economy may yield approximately USD 2.0–2.2 billion annually (Ministry of Sea, Inland Waters and Fisheries [Mozambique], 2019). Within this figure, fisheries and aquaculture—including high-value exports of shrimp and tuna—contribute an estimated USD 250–300 million. Coastal and island tourism, focused on attractions such as the Bazaruto Archipelago and Quirimbas, further augments national revenue. In addition, ports located in Beira, Nacala, and Maputo serve as essential nodes for regional maritime trade.

Finally, Madagascar’s Blue Economy is believed to contribute around USD 1.8–2.0 billion to the national economy (Ministère des Pêches et de l’Économie Bleue [Madagascar], 2020). Fisheries and aquaculture—spanning traditional small-scale fisheries, shrimp, and tuna exports—form a cornerstone of this revenue. Marine tourism, including whale watching, coral reef explorations, and ecotourism in protected coastal areas, continues to grow. Moreover, Madagascar’s high endemism offers potential for marine biotechnology and other innovations in the realm of marine genetic resources.

Drawing from the budget allocation analyses in preceding chapters, it is evident that the revenue generated by Southwest Indian Ocean (SWIO) countries from their Blue Economy activities far exceeds the budgetary allocations earmarked for these sectors. Specifically, while annual allocations average around USD 0.23 billion in the four countries, the corresponding income from Blue Economy sectors stands at approximately USD 2.5 billion per year. This discrepancy is further underscored by the fact that Blue Economy sub-sectors typically receive less than two percent of each nation’s total budget, even though these sectors contribute an estimated 27.6 percent of the overall national budgets.

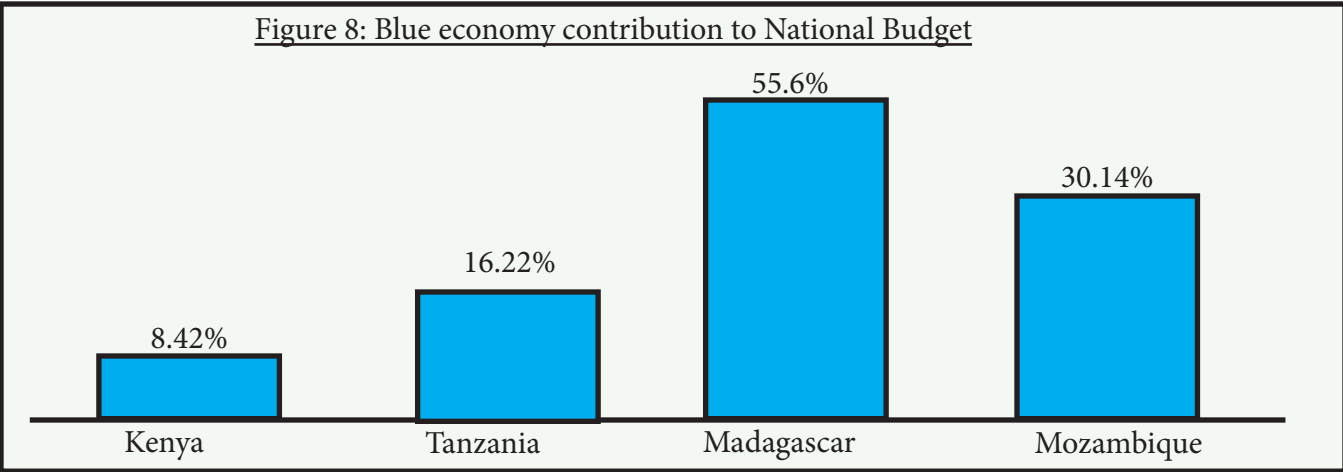
Such underinvestment in the Blue Economy, relative to its proven contribution to national income, highlights the critical need for policy reforms and enhanced funding strategies (OECD, 2016; World Bank, 2021). By channeling a proportionate share of public and private investments into these high-potential sectors, SWIO countries can more effectively harness marine and coastal resources, promote sustainable economic growth, and align with global best practices in ocean governance. The figure below elaborates these trends: -

Table 9: Blue Economy Income Contribution to National Budgets

	Average BE Annual Revenue (\$ billion)	Average National Budget(\$ billion)	Average % of BE Income to National Budget
Kenya	2.5	29.7	8.42%
Tanzania	3.0	18.5	16.22%
Madagascar	2.0	3.6	55.56%
Mozambique	2.2	7.3	30.14%
Average in 3yrs	2.5	14.8	27.6%

(figures above are indicative, based on government reports, FAO statistics, and World Bank estimates.)⁷

Although Madagascar and Mozambique have the lowest national budgets in the region, they rely more heavily on the blue economy than Kenya and Tanzania. According to the statistics, Mozambique’s blue economy generates approximately USD 2.2 billion annually—constituting about 30.14% of its national budget. Madagascar’s reliance is even more pronounced, with USD 2.0 billion contributing to a national budget of USD 2.6 billion, amounting to a substantial 55.56%. Consequently, these figures highlight how the blue economy serves as an economic backbone for Madagascar and Mozambique and remains an important growth sector for Kenya and Tanzania. The figure below provides further illustration of these statistics.



The implications of this reliance are multifaceted. For Madagascar and Mozambique, a strong blue economy can be both a significant driver of development and a source of vulnerability. Economic shocks in marine industries, climate change impacts, and shifts in regional or global demand can disrupt revenue streams and stall other sectors of the economy. Policymakers in these nations must therefore balance maximizing marine resource

use with preserving ecological sustainability to ensure long-term economic stability. Meanwhile, for Kenya and Tanzania, further investment and strategic policy support could strengthen the blue economy’s role, potentially leading to increased employment, resilience against global market fluctuations, and sustainable resource management.

7

FAO. (2020b). The State of World Fisheries and Aquaculture 2020. Food and Agriculture Organization of the United Nations.

Ministère des Pêches et de l'Économie Bleue [Madagascar]. (2020). Rapport Annuel d'Activités. Government of Madagascar.

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Ministry of Sea, Inland Waters and Fisheries [Mozambique]. (2019). Plano Estratégico do Ministério do Mar, Águas Interiores e Pescas. Government of Mozambique

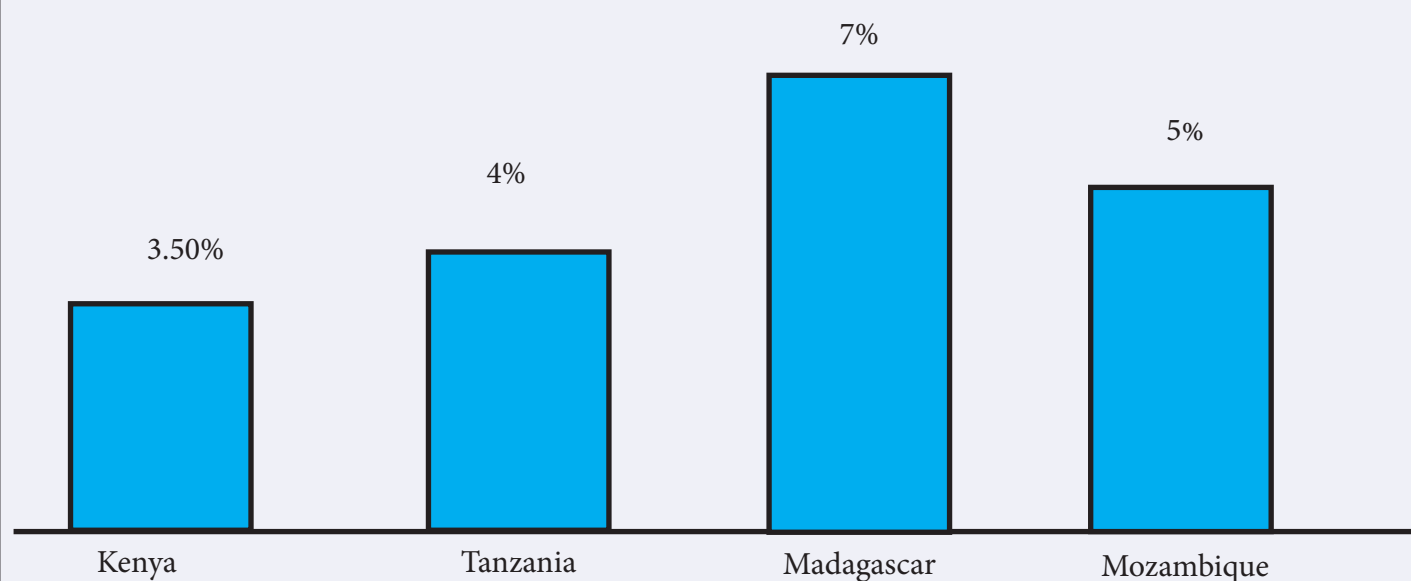
3.3.2. Blue Economy Contribution to GDP and Proportion of Overall National GDP

The Blue Economy significantly contributes to the Gross Domestic Product (GDP) in Southwest Indian Ocean (SWIO) countries, although the extent varies by nation. In Kenya, the Blue Economy is valued at approximately USD 2.0–2.5 billion, representing around 2.5–3.5 percent of GDP (Kenya National Bureau of Statistics, 2021). When indirect benefits—such as those from tourism—are accounted for, its share of overall GDP can reach 3–4 percent. In Tanzania, Blue Economy activities similarly generate an estimated USD 2.5–3.0 billion, equivalent to about 3–4 percent of GDP (URT, 2020), and the proportion could rise to nearly 5 percent considering spillover effects from trade, tourism, and food processing.

Mozambique's Blue Economy contribution is esti-

mated at USD 2.0–2.2 billion, translating to roughly 4–5 percent of the country's GDP (World Bank, 2019). While official figures can vary, projections suggest this share could expand to 6–7 percent if offshore energy initiatives and port development projects continue to grow (WWF Mozambique, 2020). In Madagascar, the Blue Economy currently accounts for around USD 1.8–2.0 billion, or about 6–7 percent of GDP (Ministère de l'Économie et des Finances [Madagascar], 2020). Due to the nation's reliance on natural resource exports and tourism, Madagascar's proportion of GDP from the Blue Economy is higher than that of its neighbors, with the potential to surpass 8 percent if ecotourism and sustainable fisheries continue to flourish.

Figure 9: Blue Economy Average contribution to the GDP



These figures underline the pivotal role of marine and coastal resources in driving national growth, employment, and foreign exchange earnings across the SWIO region. However, they also highlight the need for stronger governance frameworks, targeted investments, and sustainable resource management practices to ensure that the full potential of the Blue Economy can be realized. By fostering innovation in fisheries, tourism, and other ocean-based industries—and by aligning policies with environmental and social safeguards—these countries can secure long-term economic gains while preserving marine ecosystems for future generations.

Beyond direct market values tied to fisheries, tourism, and related industries, the SWIO region's coastal and marine ecosystems also offer an array of critical—but frequently undervalued—ecosystem services (Costanza et al., 2014). These services include carbon sequestration through mangroves and seagrass beds, which absorb and store substantial amounts of atmospheric carbon (McLeod

et al., 2011). Coral reefs, mangroves, and wetlands also serve as natural barriers against storm surges, curbing infrastructure damage costs (Moberg & Rönnbäck, 2003). In addition, coastal wetlands and seagrass meadows filter pollutants, thus improving water quality for fisheries and tourism (UNEP, 2021).

The region's biodiversity holds untapped potential for pharmaceuticals, cosmetics, and biotechnological research (Obura et al., 2017), while healthy ecosystems safeguard nursery grounds critical for sustaining commercial fisheries (FAO, 2020a). Although exact monetary values are difficult to determine, these natural defences can save billions of dollars in avoided damages from storms and erosion (Costanza et al., 2014; Barbier, 2017). Consequently, investments in ecosystem conservation have far-reaching implications for disaster risk reduction, fisheries enhancement, climate adaptation, and overall sustainable development within the SWIO region.

3.3.3. Total Employment in the Blue Economy Value Chain

When broader Blue Economy activities (maritime transport, ports, coastal tourism, processing, boat-building, marketing, etc.) are considered, direct and indirect employment can rise substantially. Indicatively: Kenya: employs about 400,000–500,000 people (directly or indirectly); Tanzania reaches 500,000 to 600,000 people, Mozambique averages 700,000–800,000 people while Madagascar employs estimate of 600,000–700,000 people. These figures incorporate coastal tourism (hotels, diving, guiding), fisheries processing (fishmeal plants, packaging), transport, construction, and auxiliary services (World Bank, 2021; UNEP, 2021). These figures highlight the vital role the Blue Economy plays in driving national employment and broader economic development—spanning diverse segments such as hospitality, fisheries processing, construction, and ancillary services. The implication is that sustained or expanded investments in these sectors can bolster job creation, enhance economic resilience, and improve livelihoods throughout the region.



4. RECOMMENDATIONS.

Building on the findings presented above, this report offers five actionable recommendations designed to strengthen budget allocations for the Blue Economy in Kenya, Tanzania, Mozambique, and Madagascar. These recommendations encompass both policy reforms and budget-specific strategies, providing a roadmap that will enable SWIO-TUNA to more effectively advocate for enhanced investment in marine and coastal sectors. By addressing identified gaps and capitalizing on emerging opportunities, these measures promise to advance sustainable development and bolster economic growth across the four SWIO countries.

1. SET A REGIONAL BLUE ECONOMY INVESTMENT BENCHMARK



On average, Kenya, Tanzania, Mozambique, and Madagascar dedicate only 2% of their national budgets to Sustainable Blue Economy initiatives, despite the sector generating revenues equivalent to 27.6% of total budget value. To correct this imbalance, SWIO countries should adopt a binding regional benchmark—mirroring global standards such as the Incheon Declaration’s 20% target for education and the Malabo Declaration’s 10% target for agriculture. A recommended goal is to allocate at least 5% of GDP to Blue Economy activities, ensuring public investment matches the sector’s economic weight and long-term growth potential.

2. CREATE DEDICATED NATIONAL BUDGET LINES FOR THE BLUE ECONOMY



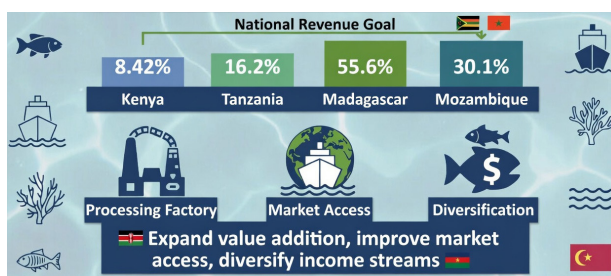
At present, most Blue Economy funding is hidden within broader categories like fisheries, transport, tourism, or environment, making it difficult to track actual spending. Governments should establish clearly labeled budget codes for the Blue Economy, improving transparency, enabling precise monitoring and evaluation, and ensuring funds are protected from being diverted to unrelated uses.

3. LINK BUDGET ALLOCATIONS TO ECONOMIC RETURNS



With average annual revenues from Blue Economy sectors reaching USD 2.5 billion per country—but public allocations averaging just USD 230 million—investment levels are not aligned with economic returns. Countries should institutionalise standardised cost-benefit and return-on-investment analyses to guide evidence-based budgeting, strengthen the case for higher allocations, and ensure that every shilling spent generates measurable socio-economic and environmental value.

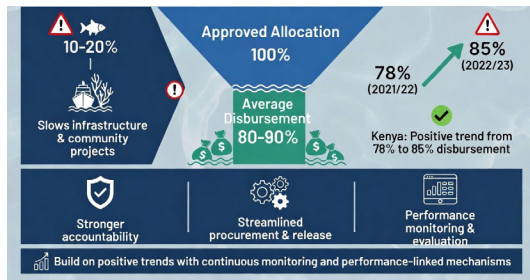
4. STRENGTHEN POLICY FRAMEWORKS TO BOOST REVENUE GENERATION



Kenya and Tanzania allocate higher absolute sums to the Blue Economy but see lower revenue contributions (8.42% and 16.2%) compared to Madagascar (55.6%) and Mozambique (30.1%). Each SWIO country should aim for the Blue Economy to generate at least 30% of national revenue by expanding value addition, improving market access, and diversifying income streams across fisheries, tourism, shipping, marine biotechnology, and renewable ocean energy.



CLOSE THE GAP BETWEEN ALLOCATION AND DISBURSEMENT



Budget under-disbursement—averaging 10–20%—slows infrastructure rollouts and weakens community-based initiatives. Governments must ensure full and timely release of approved funds through stronger accountability systems, streamlined procurement, and harmonised interagency mandates. Positive trends, such as Kenya’s disbursement rate rising from 78% in 2021/22 to 85% in 2022/23, should be built upon with continuous monitoring and performance-linked release mechanisms.

4.2. CONCLUSION

The budget analysis reaffirms the Blue Economy’s pivotal role in driving socio-economic development across the Southwest Indian Ocean (SWIO) region. Regardless of differences in GDP size and fiscal capacity, all four countries recognise marine and coastal resources as engines of growth, demonstrated by steady increases in allocations to key sectors such as fisheries, aquaculture, maritime transport, tourism, and emerging fields like marine biotechnology. Kenya and Tanzania lead in absolute funding, while Mozambique and Madagascar—operating with smaller overall budgets—show a proportionally greater economic reliance on the sector. Yet, a striking mismatch persists between the sector’s revenue generation and public investment. With average Blue Economy revenues in the region hovering around USD 2.5 billion per country an-

nually, most governments still allocate less than 2% of their total national budgets to its development. This underinvestment, coupled with low budget execution rates—often below 70% in Mozambique and Madagascar—limits the sector’s ability to reach its full potential. Addressing this gap will require not only increased and better-targeted funding but also stronger governance, streamlined procurement, and improved inter-agency coordination to ensure that resources are effectively absorbed and translated into tangible outcomes.

The growth in funding nonetheless reflects a widening recognition of the Blue Economy’s transformative potential. By strengthening institutional capacity and deepening cross-border partnerships, SWIO nations can more fully harness their marine

and coastal wealth for inclusive economic growth, job creation, and poverty reduction. Alignment with global frameworks such as the Sustainable Development Goals (SDGs) will further anchor this growth in sustainability.

The sector’s social impact is equally significant: from small-scale fisheries that underpin food security to ancillary industries like tourism, boatbuilding, and seafood processing, the Blue Economy sustains hundreds of thousands of livelihoods in each country. Strategic, well-executed investments can therefore serve as a multiplier—driving economic resilience, fostering equity, and safeguarding the ecosystems on which future prosperity depends.

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