InfoBrief
Blue Economy

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Harnessing Blue Economy Opportunities

Opportunities around Kenya's Blue Economy

Kenya has in the recent years realized the great potential that exists in the maritime sector fondly referred to as the 'blue economy' but unfortunately, the country has been sluggish in creating serious measures that would tap this goldmine even as the country grapples with the high rate of unemployment among the youth.

The country has treated the industry, which in 2015 was estimated to have contributed a whopping $ 1.83 billion to Gross Domestic Product (GDP), so unfairly that we lack even basic data on how the sector can contribute to economic growth.

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What's often missing?

Although the Central Bureau of Statistics has been able to generate a lot of data on other sectors, the same cannot be said of the maritime sector, which has not received a good share of budgetary allocation, a situation made even complex by the global nature of the industry with many dynamics.

Kenya has a coastline of 640 kilometers with territorial waters of 12 nautical miles and an Exclusive Economic Zone (EEZ) that covers 200 nautical miles. This is vast water mass that justifies investment in the industry even on basic infrastructure such as having vessels and other tools that can be used to carry out ocean surveys to understand all the resources underneath with a purpose of exploiting them.

We even lack the capacity to offer surveillance on the ocean-based resources which has exposed us to exploitation by foreigners who do illegal fishing. By investing in modern fishing gears, the country can exploit its high potential of seafood and create thousands of jobs for youth.

For instance, marine fishing was estimated to have the potential of 350,000 metric tonnes in 2013 worth Sh90 billion. The region only yielded a paltry 9,134 metric tonnes worth Sh2.3 billion, a figure that has stagnated there in the years that followed.

It is estimated that Kenya loses Ksh 10 billion annually due to illegal fishing activities in its EEZ. The 2018 Economic Survey reported that the total quantity of fish landed from various sources in the country declined from 147,700 tonnes in 2016 to 135,100 tonnes in 2017.

Kenya's fish stocks are exploited by Distant Water Fishing Nations (DWFNs) who access the EEZ upon payment of access fees to the State Department of Fisheries, which lack resources, training, and enforcement capacity.

Also, the Kenyan coast is one of the preferred destinations for sports fishing. Malindi is the only place in the world that offers the best chance of catching five different billfish species in one day – broadbill swordfish, black, blue and striped marlin, and sailfish – yet this potential has not been exploited.

Maximizing gains

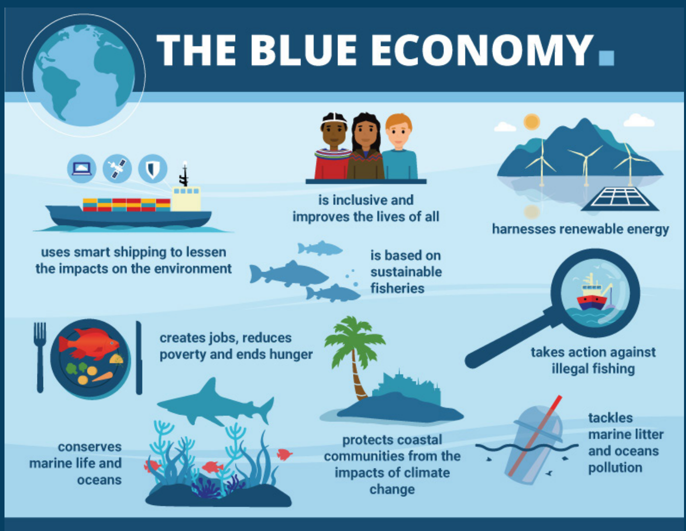
The country can optimize gain in the fishing sector by developing a special economic zone, something that Seychelles has successfully done. President Uhuru Kenyatta last year signed into law the Fisheries Management and Development Bill.

There is a need for proper enforcement of the new law that provides for the conservation, management, and development of fisheries and other aquatic resources to enhance the livelihood of communities that depend on fishing.

This new law also gives guidance on the import and export trade of fish and fish products, fish quality and safety among other provisions. It also establishes the Kenya Fisheries Services and the Kenya Fisheries Advisory Council.

Although the president has created a task force in 2016 to help in the development of an integrated maritime policy to cut down on waste and duplication, the pace the task force has taken is not is impressive and its work is not being felt despite the significant importance of its undertaking.

There is also need to involve many other stakeholders in the policy development such as the Ministry of the Youth, Labour, and Education to create consciousness among the youth and the country at large that just as in other sectors of the economy, maritime is of equal importance.



The importance of the 'blue economy' in contributing to the economy must also inform and guide the country in targeting the youth empowerment in maritime education and training so that they can build skills in order to participate meaningfully in a sector that has most of its workforce past 35 years of age. The industry also has a huge proportion of its workforce dominated by foreigners.

During the global maritime conference, that Kenya was privileged to host, President Uhuru Kenyatta took the stage, rallied up the over 16,320 delegates and identified 35 projects worth Sh1.438 trillion ($14.38 billion) in the marine economy. However, this will remain a pipe dream unless we have an appropriately trained workforce. We even need to train fishermen in seafaring for them to venture in high seas.

There is, first, the need to appreciate the fact that maritime education and training had been neglected over the years, until 2012, when the institutions in the country started offering maritime related courses.

This was after a successful evaluation and confirmation by the International Maritime Organization (IMO) Maritime Safety Committee, of Kenya's demonstration of giving the International Convention on Standards of Training, Certification, and Watchkeeping for Seafarers (STCW) 78, as amended full and complete effect to the relevant provisions in 2010.

Although a number of institutions are now offering maritime related courses such as Degree in Marine Engineering in Jomo Kenyatta University of Agriculture and Technology and Technical University of Mombasa (TUM) and Diploma in Nautical Science at TUM, there is no institution of higher learning in the country that offers postgraduate programme on maritime.

Lack of appropriately qualified instructors coupled with the inadequacy of simulation equipment and other training infrastructure has been cited as one of the main challenges holding back the growth of training maritime personnel.

With the establishment of the maritime-related curriculum by Kenya Maritime Authority and other stakeholders, there is need to support Bandari College to enhance its capacity and also create collaboration with other private institutions of higher learning both in and outside of the country.

Since Kenya attained Whitelisting recognition by the International Maritime Organisation (IMO) in 2009 after the gazettement of the Merchant Shipping regulations that gave effect to the domestication of SCTW, Kenya has a green light to train seafarers. Although the country has trained a good number of seafarers, they have not been able to secure jobs in foreign going vessel.

This is as a result of lack of sea-based training that they are supposed to get to qualify for jobs as officers. This is attributed to the fact that Kenya does not own ships and there is a shortage of qualified personnel to offer the training. Private shipping lines operating in Kenya do not accommodate Kenyan seafarers.

Revamping Shipping Line

To address this shortcoming, there is a need to revive the National Shipping Line. This will not only enhance the training of our seafarers but will also create jobs for the unemployed youth. The country does not need to buy ships if it considers price prohibitive.

They can use bareboat charter model, an arrangement for the chartering or hiring of a ship or boat, whereby no crew or provisions are included as part of the agreement; instead, the people who rent the vessel from the owner are responsible for taking care of such things.

Apart from providing training avenues, such ships can be tailor-made for the bulk cargo. They can be used to transport titanium, coal and iron ore for export. They can also be used to import clinker from abroad, which would significantly reduce the transport cost.

Our neighbouring Ethiopia, a landlocked country, had, by 2016, purchased 18 ships, earning over US$40 million annually. The country has decreed that all of the government's procured cargo be shipped in these vessels.

The debate has also raged on in opening up Kenya's local ship register to allow ships to fly Kenyan flag. Other African countries such as Monrovia, Liberia, which ranks top of the number of ships in its register, and comes second to Panama on revenues earned has been a successful example Kenya can emulate.

Ship repair and manufacturing is another area that harbour huge potential for creating jobs for the youth. The government needs to create sound policies such as reduction of tax on raw materials used in the manufacture of ships and other watercraft bodies.

Private sector as a key driver

The private sector has created a demonstratable capacity for ship repair and manufacture. For instance, in 2016, Southern Engineering Co. Ltd (SECO) manufactured a vessel measuring 42 meters by 15 meters, powered by four engines, Mv Albert 1, for Uganda at a cost of $3 million (Sh310 million). The vessel had a capacity of 250 passengers and 20 vehicles.

Despite this huge potential, Kenya contracts foreign firms to make its ferries because they offer competitive prices, thanks to supportive policies back home. For instance, SECO was among the companies that tendered to the manufacture of the two controversial vessels, which are subject to a legal tussle with the country facing over Sh 1 billion extra bill for the delay. The company officials said they lost the tender since they quoted slightly higher than the winning bidder due to the high tax they were paying for imported steel.

With local assembly, experts say, it is easier to provide after-sales management at Kenya's dry dock. Local assembly will also create the growth of the needed technology, create a human resource of technical support and create more jobs with huge economic spill over. Most importantly, it will do the country great pride by positioning Kenya in the global map of shipbuilding.

In 2016, Kenya contacted a Turkish firm to deliver two ferries in Mombasa at a cost of Sh1.3 billion. In order to encourage shipbuilding and growth of the industry in the country, a rule requiring foreign firms to partner with local companies should be introduced in all the tenders that are floated.

Streamlining Marine Insurance

Marine insurance is another critical area that can transform the country. It is the need to retain the huge income expatriated abroad in premium that led the Treasury Cabinet Secretary Mr Henry Rotich, in 2016, to direct the industry players to enforce Section 20 of the Insurance Act.

This section, which had been ignored for many years, requires all the Kenya importers to procure marine insurers from Kenya insurance firms registered in the country. The directive came into force on 1st January 2017. However, poor coordination of the implementing agencies has seen this directive fail to achieve the envisaged result.

The Association of Kenya Insurers (AKI) says the industry is facing bottlenecks in the enforcement of the directive to have marine cargo insured locally making it impossible to realise a target of an annual premium of Sh20 billion. Latest industry data from AKI shows that in 2017, the gross written premium for the class stood at Sh3.74 billion.

" Its vital to enable the youth to secure JOBS in the Maritime industry"

Developing Water transport

Water transporter is another area the country has given a wide berth. The country only needs to create landing sites in Mombasa, Malindi, Kilfi, and Lamu to exploit water as a cargo and passengers transport mode. Water is a common mode of transport in Europe and Asia employing thousands of people. This can create jobs for the seafarers are trained and who cannot get jobs overseas.

Meaningful youth engagement

And finally, for the youth to benefit, Kenya's new constitution provides engagement of youth in policy and budget reviews. The youth must be given an opportunity by the government, both national and county governments to participate in various programmes and processes such as the development of our blue economy. They must participate in programmes meant to benefit them.

About The Youth Congress

The Youth Congress (TYC) is a youth serving Non-Governmental Organisation (NGO) providing young people in Kenya with a platform to articulate their issues, explore opportunities for youth participation and leadership to effectively address their interests and concerns and engage young people in social, economic and political development. The organization has four main programmes:

1. Research, Policy & Advocacy

The programme aims to realise meaningful participation of youth in policy-making and implementation. Its expected outputs are: improved knowledge on existing policies and their effect on the youth; one stop information centre on the state of the youth in Kenya; coordinated advocacy initiatives on youth issues; and increased youth participation in policy making and advocacy.

2. Youth & Leadership

The programme aims to realise meaningful youth participation in leadership and governance processes, and to build next generation of youth leaders with vision and values. Its expected outputs are: youth in leadership positions and processes; increased awareness and capacity of youth to engage in leadership and governance processes; and youth actively promoting ethical leadership.

3. Youth Entrepreneurship, Talent & Innovation.

The programme aims to realise an empowered youth population benefiting from available opportunities and utilizing their skills and talents for economic development. Its expected outputs are: young people equipped with entrepreneurial skills; young people linked to financial opportunities and markets; talent realization and utilization by the youth; and partnerships and alliances built to advance youth economic development.

4. Institutional Development

The programme aims to realise an effectively governed and managed organization with adequate resources to deliver its programmes. Its expected outputs are: adequate resources for smooth and effective implementation of activities; a staff complement that is competent, passionate, determined and responsive to youth values and agenda; functional partnerships and networks; and inclusive, participatory and gender responsive programmes, policies and strategies.

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