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REPOA Brief

Financing Tanzania's Blue Future: Accessing Innovative Capital for a High-Potential Economy

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Key Messages

Financing gap exists

Tanzania's Blue Economy requires substantial capital investment in port infrastructure, cold chain, aquaculture, fisheries monitoring, and coastal climate adaptation, and most of this capital has not been mobilised.

Proven instruments exist

Blue bonds, blended finance facilities, debt-for-nature swaps, and climate finance mechanisms have been successfully deployed in comparable countries, whereas Tanzania has accessed none of them despite clear eligibility.

EU and African Models apply

The EU's BlueInvest platform, Seychelles' sovereign blue bond, Mauritius' Ocean Economy Roadmap, and South Africa's Operation Phakisa each offer financing architecture lessons directly applicable to Tanzania's context.

Financing window is time-limited

As offshore oil and gas production approaches and climate pressures intensify, Tanzania's investment readiness window is narrowing. Accessing innovative finance requires institutional infrastructure that takes time to build.

Objective: *To identify the innovative financing instruments available to Tanzania for Blue Economy investment, assess Tanzania's current readiness to access them, and propose a structured pathway for mobilising untapped capital drawing on proven models from the EU, Seychelles, Mauritius, South Africa, and Namibia.*

1 Introduction: Scale, Diversity, and the Capital Gap

Tanzania's Blue Economy is already economically significant, contributing 11.9% of mainland GDP and 39.6% of Zanzibar's GDP. The sectors driving this contribution, namely fisheries, coastal tourism, maritime transport are under-capitalised. The sectors with growth potential such as aquaculture, offshore renewables, blue carbon markets, marine biotechnology have not yet begun. Lack of enabling infrastructure such as cold chain networks, modernised fishing harbours, port digitalization, ocean monitoring systems is underfunded.

The fisheries sector illustrates the gap. The sector directly employs 255,000 Tanzanians and indirectly supports over 4 million people yet grew at only 1.4% in 2024. Infrastructure deficits explain much of this underperformance: most landing sites lack cold storage and hygienic processing facilities; vessels are limited to inshore fishing by inadequate capacity; cooperatives are undercapitalised and fragmented. The financing gap is not primarily a question of government fiscal space, the capital required needs to be delivered through private investment, development finance, and innovative instruments. Tanzania has not yet accessed major innovative financing mechanisms available to countries in its position.

THE OPPORTUNITY COST OF INACTION

Seychelles mobilised USD 15 million through the world's first sovereign blue bond in 2018 and restructured USD 21.6 million in sovereign debt into marine conservation commitments. Neither Namibia nor Tanzania has replicated this model despite comparable eligibility and more significant ocean economies. Global blue finance markets have grown rapidly: cumulative blue bond issuance exceeded USD 5 billion by 2024. Tanzania has not yet accessed this market.

2 International experience (three models worth studying)

2.1 Seychelles: The Blue Bond and Debt-for-Nature Swap

In 2018, Seychelles issued the world's first sovereign blue bond, raising USD 15 million from three institutional investors at a 6.5% interest rate. The bond was structured with a USD 5 million partial guarantee from the Global Environment Facility (GEF) and a USD 5 million concessional loan from the World Bank, a blended finance approach that reduced the effective cost of borrowing and de-risked the instrument for private investors. Proceeds were directed to sustainable fisheries governance and expansion of Marine Protected Areas to 30% of Seychelles' EEZ. Alongside the bond, USD 21.6 million of sovereign debt was restructured into marine conservation commitments, freeing fiscal space without new borrowing.

Key lessons for Tanzania: technical assistance for bond structuring is essential and should be sought early; blended finance combining concessional and commercial capital reduces borrowing costs; clear, measurable linkage between financing and conservation outcomes creates investor confidence; and debt restructuring can generate Blue Economy investment resources without new fiscal commitments.

2.2 The EU BlueInvest Platform: Innovation Finance Architecture

The EU's BlueInvest platform provides a structured architecture for mobilising private investment in sustainable Blue Economy sectors through three mechanisms: an Accelerator (supporting early-stage ventures); an Investment Fund (providing equity to high-growth Blue Economy SMEs); and a Knowledge Hub (disseminating market intelligence). Its most transferable lesson for Tanzania is the architecture. BlueInvest recognises that Blue Economy investments face specific barriers such as long investment horizons; difficulty quantifying ecosystem services value; regulatory complexity across maritime, environmental, and sectoral licensing frameworks; and limited track record of investable projects. Tanzania should develop an equivalent national platform to navigate project preparation independently.

2.3 South Africa's Operation Phakisa: Quantified Delivery Targets

South Africa's Operation Phakisa, launched in 2014, structured its four priority ocean sectors around quantified five-year targets tracked through quarterly reviews with public accountability reporting. By 2019, the programme had contributed approximately ZAR 17 billion to GDP and created 29,000 jobs. The core financing lesson is that public investment catalysis works best when tied to specific, quantified outcomes monitored rigorously. Government co-investment signals credibility to private investors; quarterly tracking creates accountability that protects against implementation drift; and multi-stakeholder design ensures instruments are calibrated to actual investor and developer needs.

A fisherman cleaning freshly caught fishes on the beach. ©Magnific/Lubo Ivanko

3 Available financing instruments and Tanzania's readiness

The table below maps the key innovative financing instruments available to Tanzania, the precedent cases, and estimated scale.

INSTRUMENT	PRECEDENT	ESTIMATED SCALE
Sovereign Blue Bond	Seychelles (2018, USD 15M); Belize (2021, USD 364M debt swap)	USD 50–200M potential based on EEZ scale and sovereign credit profile
Debt-for-Nature Swap (Blue)	Seychelles (USD 21.6M); Belize (USD 364M); Ecuador Galapagos (USD 1.6B)	USD 100–500M potential depending on sovereign debt profile and creditor appetite
Blended Finance Facility	TICAD Blue Economy Fund (East Africa); EU/ACP Ocean Fund; SIDA Blue Growth Initiative	USD 20–100M for initial facility depending on anchor DFI commitment
Climate Finance (GEF, GCF, AF)	Environmental Investment Fund (Namibia); GEF BCLME; WIO coral reef projects	USD 5–50M per project; multiple concurrent projects possible
Blue Economy Fund (Domestic)	Namibia Marine Resources Fund (fisheries); Kenya Blue Economy Fund (proposed)	Fishing license fees + port levies could generate USD 10–30M annually
Skills Transfer Finance	Namibia local content (voluntary); Nigeria NCDMB; Angola Local Content Law	In-kind and cash from licensees; scale depends on license terms

4 Building Tanzania's investment readiness

Access to innovative financing instruments requires investment readiness, including institutional, regulatory, and technical capabilities that allow Tanzania to originate, structure, and manage complex financing transactions. Currently, Tanzania's investment readiness is limited across several dimensions:

- **Project pipeline deficit:** Innovative financing requires a pipeline of investable projects that are identified, scoped, financially structured, and with credible implementation plans. Development banks (World Bank, AfDB) and bilateral donors can provide project preparation facilities, but Tanzania must build institutional capacity to generate and manage a sustained pipeline.
- **Environmental and social measurement:** Blue bonds and climate finance instruments require credible measurement, reporting, and verification (MRV) of environmental outcomes such as fish stock recovery rates, MPA expansion, carbon sequestration in mangroves and seagrass, IUU reduction. Tanzania's current monitoring infrastructure is insufficient to meet the reporting requirements of sophisticated capital market investors.
- **Governance and creditworthiness:** Sovereign blue bond issuance requires a credible governance framework and a sovereign credit profile that supports affordable borrowing. Tanzania's current Blue Economy governance requires reform as a precondition for a financing strategy and to attract investment.
- **Accredited entity capacity:** Accessing GEF and Green Climate Fund financing requires accredited National Implementing Entities. Tanzania has limited accredited capacity specifically oriented toward Blue Economy projects. Tanzania should explore which entities can serve as vehicles for climate finance access.

THE FINANCING-GOVERNANCE NEXUS

The single most important insight from the international experience is that financing and governance are interdependent. Seychelles accessed blue bond markets because it had a credible Marine Spatial Plan, a dedicated ministry with mandate over conservation outcomes, and Conservation International willing to provide technical guarantees. South Africa's Phakisa attracted private investment because it had quantified targets, quarterly public accountability, and Cabinet-level authority over implementation. Tanzania's governance reform agenda creates the conditions for accessing financing.

KEY RECOMMENDED POLICY ACTIONS	
Engage development agencies	Tanzania should initiate formal engagement with development agencies (e.g. World Bank Treasury and Conservation International) on blue bond structuring and debt-for-nature swap options.
Establish Blue Economy Fund through legislation	Parliament to consider legislating a Blue Economy Fund, capitalised from fishing license fees, port levies, and future oil/gas royalties, with a mandate to finance research, monitoring, skills development, and community benefits.
Develop project pipeline through a Project Preparation Facility	Establish a Blue Economy Project Preparation Facility with initial capitalisation from development partners, to bring 5–10 Blue Economy projects to bankable standard. This is the prerequisite for accessing blended finance and private capital.
Mandate skills transfer in Offshore Licenses	Prior to issuing new production licenses in offshore oil, gas, or green hydrogen, enact legislation mandating progressive Tanzanian participation in operations, with binding skills transfer commitments and penalties for non-compliance.
Build Environmental Monitoring for MRV	Commission a national Blue Economy monitoring framework covering ocean temperature, fish stock assessments, coral reef health, mangrove and seagrass extent, and IUU fishing rates, that meets international MRV standards for climate finance and blue bond reporting.
Access Climate Finance for Coastal Adaptation	Tanzania to consider developing and submitting Concept Notes to the GCF and the Adaptation Fund for coastal climate adaptation projects such as coral reef restoration, mangrove rehabilitation, climate-resilient aquaculture, and adaptive fisheries management projects, drawing on existing Adaptation Fund accreditation pathways.

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