



**Emirates
Nature**

In association with



WWF



HOW UAE BUSINESSES CAN SHAPE A SUSTAINABLE BLUE ECONOMY

EXECUTIVE SUMMARY

EMIRATES NATURE is a national (UAE) environmental non-governmental organisation established to drive positive change in the United Arab Emirates to conserve the nation's natural heritage.

Established in 2001 under the generous patronage of H.H. Sheikh Hamdan bin Zayed Al Nahyan, Ruler's Representative in Al Dhafra region, we work with partners to devise policies, educate communities and implement conservation solutions to ensure the future health of the Earth, its ecosystems and inhabitants. We are part of the global WWF network, which has a 50-year legacy of environmental conservation and is supported by more than 5 million people worldwide.

For more information about Emirates Nature-WWF, please visit emiratesnaturewwf.ae

ACKNOWLEDGEMENTS

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EARTH MATTERS CONSULTING was established in 2017 with the aim of helping businesses, governments and non-profit organisations address the climate crisis and sustainability issues. We do this by providing sound analysis, advice and support to implement practical solutions in the workplace. Our advisory services cover strategy, policy and communications for climate change, conservation and sustainability, ensuring our clients feel confident they are making the right choices. Our team has particular expertise in climate change, corporate sustainability and awareness, wildlife conservation, environmental economics and valuation, technology and policy.

Developed in collaboration with



HSBC Bank Middle East, JA Resorts and Hotels, Jumeirah at Saadiyat Island Resort, Lombard Odier & Co Ltd, Saadiyat Rotana Resort & Villas, Sharjah Electricity & Water Authority, Stena Bulk, Transworld Group, WWF International, and WWF UK. Their participation was crucial to obtain new insights as well as explore opportunities, constraints and ideas for this study.

**“ IF OUR OCEANS WERE
A COUNTRY, IT WOULD HAVE
THE SEVENTH LARGEST
ECONOMY IN THE WORLD
IN TERMS OF GROSS DOMESTIC
PRODUCT (GDP) ”¹**

¹ WWF (2015). Reviving the Ocean Economy: The case for action – 2015. <https://www.worldwildlife.org/publications/reviving-the-oceans-economy-the-case-for-action-2015>



LEADING A SUSTAINABLE BLUE TRANSITION

As a leading environmental non-profit organisation in the UAE, Emirates Nature-WWF has the potential to increase interest and catalyse business stakeholder engagement in sustainable management and conservation of the marine environment, as many survey participants highlighted.

With a growing interest from the business sector in understanding and engaging with the concept of Sustainable Blue Economy, creating knowledge platforms and industry initiatives would help bridge the current gap.

Allowing a space for government and businesses to work together to tackle these issues, with NGO support, could be a powerful driving force for change. With a long standing presence in marine biodiversity science and nature conservation in the UAE and the region, Emirates Nature-WWF is in a unique position to advise businesses on how best to integrate the concept of Sustainable Blue Economy into their decision-making and operations.



NAVIGATING THE WAY TO A SUSTAINABLE BLUE ECONOMY

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The marine ecosystems of the UAE are highly productive and in addition to providing valuable habitats for marine life, they support the UAE's economy by providing numerous ecosystem services.

Seagrasses and oyster beds play a key role in protecting the coast from storms and erosion. They also help maintain water quality by capturing sediment and filtering excessive nutrients, ultimately helping reduce pollutants from the water column. These natural 'water purifiers' provide a cost-effective solution valuable for water desalination among other benefits. They also provide shelter to economically important fish species thus supporting the fisheries sector and food security in the UAE.

“HEALTHY MARINE ECOSYSTEMS ARE NOT A BARRIER TO ECONOMIC DEVELOPMENT”

- **A number of economic sectors in the UAE rely on these services that our marine ecosystems provide.** These sectors include ports and shipping, sea water desalination, prime coastal real estate, tourism and recreation, and fisheries – a sector with strong cultural significance.
- **Coastal ecosystems are also of critical importance in the context of climate change mitigation and adaptation.** 'Blue Carbon' (BC) ecosystems sequester CO₂ and therefore help reduce greenhouse gas (GHG) emissions into the atmosphere. BC ecosystems in Abu Dhabi alone store an estimated 52–181 million tons of CO₂eq², a crucial balance to the Emirates' estimated 115.3 million tons of CO₂eq 2012.³

However, there are increased global stresses and challenges to the integrity of oceans, which can also affect the UAE's coastal waters and undermine the benefits they offer to our society and economy. Biodiversity is declining; habitats are being degraded; plastic and other wastes are accumulating, and water temperatures are rising.

² Dougherty, W. and G. Grimsditch (2014). Abu Dhabi Blue Carbon Policy. Abu Dhabi Global Environment Data Initiative.
³ EAD (2017). Abu Dhabi State of the Environment Report (SOE) 2017. Environment Agency – Abu Dhabi (EAD).

“ENGAGING THE PRIVATE SECTOR IN A SUSTAINABLE BLUE ECONOMY HAS VAST POTENTIAL TO CREATE POSITIVE CHANGE”

Creating a Sustainable Blue Economy is crucial to halt further degradation of our oceans by ensuring that different users of marine spaces and resources operate within the limits of natural marine ecosystems. **Establishing a Sustainable Blue Economy in the UAE will ensure that future economic models balance economic development with long-term environmental and social needs.**

The United Nation's Sustainable Development Goals (UN SDGs) are a set of 17 goals that are part of the 2030 Agenda for Sustainable Development. These goals aim to foster peace, end poverty and ensure prosperity, as well as protect the planet and its biodiversity. Notably, SDG 14: "Life under Water" is a goal that highlights the linkages between ocean protection, sustainable use of marine resources and sustainable development for humanity. **SDG 14 reminds us that ensuring healthy marine ecosystems does not represent a barrier to economic development. On the contrary, it plays an important role in the economies of many countries, contributing to food sustainability, technology and innovation, jobs and overall sustainable economic development.**

⁴ Federal Competitiveness and Statistics Authority (FCSA) (2018). United Arab Emirates and the 2030 Agenda for Sustainable Development. https://sustainabledevelopment.un.org/content/documents/20161UAE_SDGs_Report_Full_English.pdf

Sustainability and environment feature as key priorities for the UAE Vision 2021, launched in 2010, while SDG 14: "Life under Water" is considered a contributor to a competitive knowledge economy for the UAE.⁴

The **Principles for Sustainable Blue Economy** developed by WWF were designed to propose a definition and framework for Sustainable Blue Economy in line with global commitments and SDG 14. **The Sustainable Blue Economy Finance Principles**, published in 2018 by the European Commission, WWF, the Prince of Wales' International Sustainability Unit and the European Investment Bank (EIB) aimed to complement already existing frameworks, such as the International Finance Corporation (IFC)'s Performance Standards on Environmental and Social Sustainability and the European Investment Bank's Environmental and Social Principles & Standards.

Engaging the private sector in a Sustainable Blue Economy has vast potential to create positive change. The importance of doing so is crucial, as it would help the UAE fulfil its goal of economic diversification, national strategies and plans, as well as international commitments.

This exploratory study investigated the perspectives of four sectors in the UAE: ports and shipping, tourism and hospitality, desalination and finance. Implementing the conclusions of this study will require action by multiple parties in the private sector, government and nonprofit organisations, including the exchange of cross-disciplinary expertise, additional investment and human resources. The key conclusions and findings of the study are found in the subsequent pages of this executive summary.



KEY INSIGHTS

BUSINESSES INCREASINGLY UNDERSTAND THEIR DEPENDENCE ON HEALTHY MARINE ECOSYSTEMS

Across sectors, 66 per cent of interviewees agreed that their companies depend on the quality and functioning of the marine environment in the Arabian Gulf.

For example, pollution that degrades beaches and bathing water quality can affect the revenues of hospitality companies, as guests would be less likely to return. Water quality is also important for desalination plants, as increased pollutants and salinity in the water requires additional treatment with associated operational cost implications. The finance sector is also intricately connected due to its financing of businesses across these sectors, where any degradation of the marine environment could negatively affect the ability of corporate clients to pay back loans or other investments.

CROSS-SECTORAL INTEGRATION IS CRITICAL FOR A SUSTAINABLE BLUE ECONOMY

The marine environment connects us all. This study's findings show that different sectors are connected not only because they can all impact the marine environment, but also because they can affect each other.

These dependencies and cross-sectoral impacts are important and need to be considered in development-related

decision-making and spatial planning in order to achieve a true Sustainable Blue Economy in the UAE.

Creating platforms for open and transparent cross-sectoral dialogue could help raise awareness among companies in different sectors regarding the impacts they have on each other and facilitate planning that is more considerate of other sectors. The results of this study also show that strong coordination across various industry sectors and planning authorities, combined with regulatory standards and guidelines, can aid in mainstreaming sustainability in key decision-making and promote efficient use of marine spaces, benefiting all sectors.

THE PRIVATE SECTOR IS KEEN TO LEARN HOW THEY CAN INTEGRATE THE SUSTAINABLE BLUE ECONOMY PRINCIPLES INTO THEIR BUSINESS PRACTICES

Private sector study participants expressed a desire to learn more about the Sustainable Blue Economy concept, and suggested knowledge sharing platforms and industry initiatives would be valuable drivers to raise awareness and facilitate change in company practices.

From cross-sectoral engagement to sector-specific industry platforms, these activities would need to support the adoption of existing global frameworks and principles. They could also explore the applicability of a Sustainable Blue Economy relevant to the UAE and provide tools, materials and guidance about relevant issues for each sector.



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STRONG POLICIES AND REGULATIONS REMAIN KEY TO MANAGING ENVIRONMENTAL IMPACTS

The research found that only 39 per cent of participating companies monitor their environmental impacts. Businesses tend to include water and energy consumption and waste generation in their corporate social responsibility and sustainability strategies. These are considered more feasible to monitor than impacts and the effectiveness of mitigation efforts on the rather complex marine environment.

Environmental Impact Assessment (EIA) is the most common regulatory decision-making tool implemented in the UAE. In order to consider cumulative impacts on the marine environment, EIAs would need to be complemented by Strategic Environmental Impact Assessments (SEAs), Integrated Coastal Zone Management and Marine Spatial Planning.

Interviewees highlighted the following factors impacting the effective implementation of regulatory frameworks:



Regulatory standards, technical guidelines and persistence in monitoring environmental performance



Willingness of businesses to act on the findings and implement environmental management plans



Engagement with stakeholders, especially those that could be impacted by a proposed activity or project

CORPORATE LEADERSHIP, SHAREHOLDERS AND CONSUMERS ARE IMPORTANT DRIVERS FOR BUSINESS ACTION

Our findings show that shareholders, strong internal leadership and consumer demand are key drivers for corporate action on the marine environment. When shareholders (or owners) recognise the importance of sustainability, implementing corresponding changes is more feasible. Having buy-in from internal partners, staff and senior management, especially board-level or C-suite leadership, creates a culture of change that spreads throughout the organisation.

In order to facilitate interest from high level leadership and shareholders, companies would need to:



Make a case to their shareholders on the relevance of Sustainable Blue Economy to their business operations



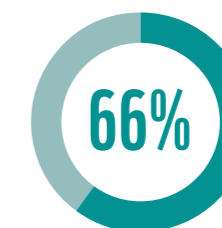
Better understand customers' preferences and expectations regarding corporate environmental sustainability, and use that to inform tailored strategies and actions



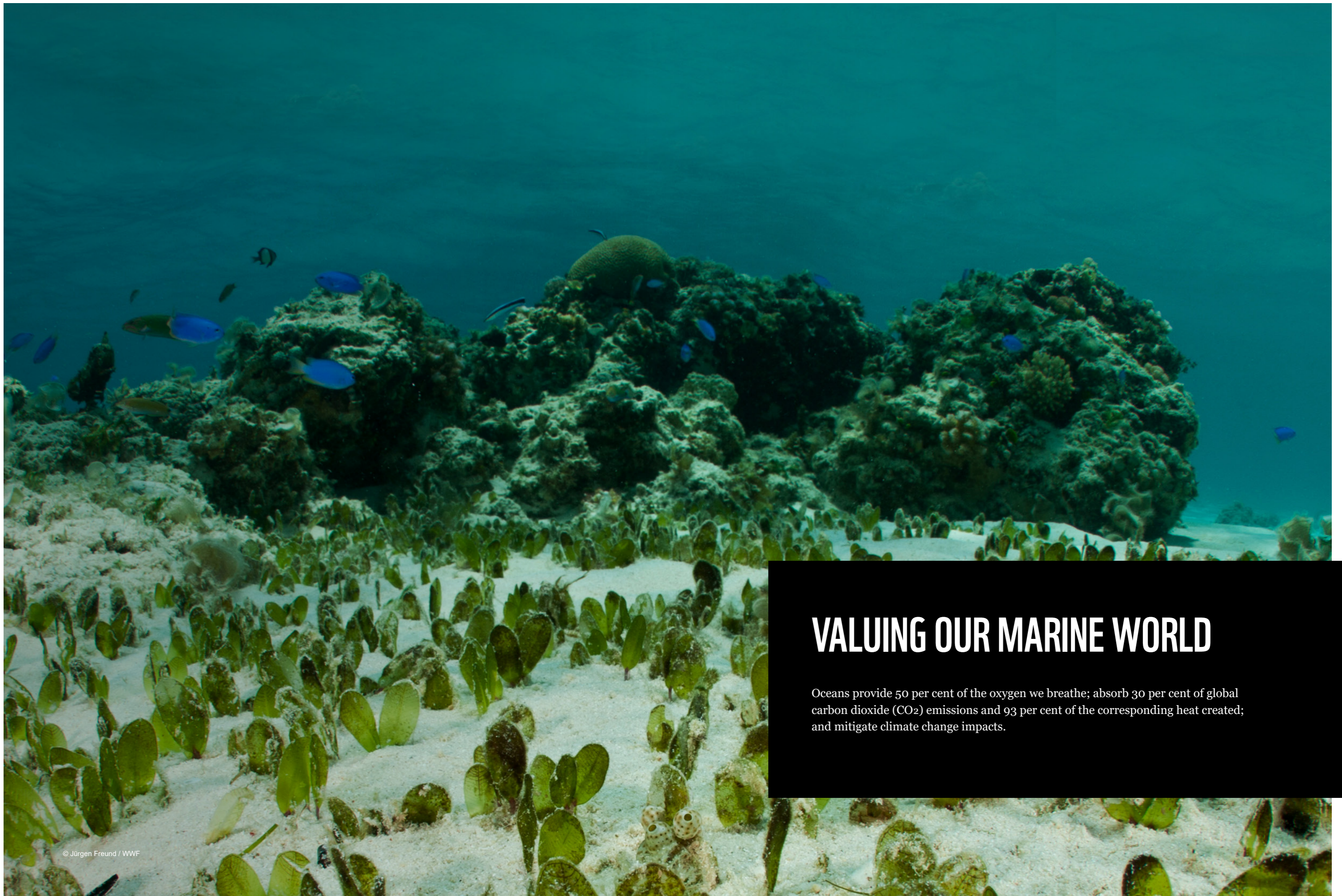
Ensure that corporate sustainability strategies proactively address impacts on the marine environment as relevant

CONVENING VOLUNTARY INDUSTRY INITIATIVES CAN BE A USEFUL WAY TO CATALYSE ACTION ON A SUSTAINABLE BLUE ECONOMY

Most participants said they would be interested in joining a voluntary industry platform for their sector to drive sustainable improvements in their activities. This type of business engagement would benefit from the involvement of government, scientific experts and non-profit organisations to ensure a holistic view of the solutions identified.



66% OF INTERVIEWEES AGREED THAT THEIR COMPANIES DEPEND ON THE QUALITY AND FUNCTIONING OF THE MARINE ENVIRONMENT IN THE ARABIAN GULF



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VALUING OUR MARINE WORLD

Oceans provide 50 per cent of the oxygen we breathe; absorb 30 per cent of global carbon dioxide (CO₂) emissions and 93 per cent of the corresponding heat created; and mitigate climate change impacts.



SECTOR SPECIFIC INSIGHTS

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HOSPITALITY AND TOURISM

Safeguarding the natural assets of tourism destinations is gaining increasing importance for the long-term sustainability of the sector.

The growth of hospitality and tourism is of strategic importance to the UAE, which has been given added momentum in recent years. Of the interviewed representatives of coastal tourism, 89 per cent agreed that they depend on the marine environment, as their operations take place along the coast. Natural areas are closely related to the cultural identity of the UAE and offer numerous recreational opportunities that ultimately contribute to a diversified brand for the UAE as a tourism destination.

According to the World Economic Forum, coastal and marine tourism is projected to be the largest value-adding segment of the ocean economy by 2030, with anticipated growth rates of more than 3.5 per cent globally.⁵ Fostering environmental sustainability can be a true differentiator in the choice of destinations for tourism source markets.

89%

**AGREED THAT THEY
DEPEND ON THE MARINE
ENVIRONMENT, AS THEIR
OPERATIONS TAKE PLACE
ALONG THE COAST**

Therefore, safeguarding natural and cultural assets at tourism destinations is gaining increasing importance for the long-term sustainability of the hospitality and tourism sector.

**“ FOSTERING ENVIRONMENTAL
SUSTAINABILITY CAN
BE A TRUE DIFFERENTIATOR
IN THE CHOICE OF
DESTINATIONS FOR TOURISM
SOURCE MARKETS ”**

A strong policy and regulatory framework is of fundamental importance for the sector to minimise environmental impacts that typically occur during development and construction. Major hospitality companies can also proactively set corporate supply chain and sustainability standards, while the development of sectoral guidelines and best practices can further support business practices. Integrating nature conservation and sustainable management in corporate strategies can help guide decision-making processes from the early stages of project life cycles. This will help to avoid negative environmental impacts on natural places that support nature-based tourism.

⁵ World Economic Forum (2017). Healthy Coral Reefs Are Good for Tourism and Tourism Can Be Good for Reefs. <https://www.weforum.org/agenda/2017/06/healthy-coral-reefs-are-good-for-tourism-and-tourism-can-be-good-for-reefs/>



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PORTS AND SHIPPING

The shipping and ports sector in the UAE is uniquely positioned to catalyse positive change on a global scale thanks to the importance of the shipping industry for the UAE and the world economy.

In the past, most of the shifts towards sustainable practices within the shipping sector were driven by regulation. More recently, however, businesses have started taking action independently in an effort to gain a competitive advantage within a changing market. Rapid changes in the global shipping regulatory framework, growing awareness and interest in the shipping and finance sectors, as well as technological advancements are creating the enabling conditions for significant positive change towards sustainability.

An interesting insight from this study was that, according to a number of interviewees, the health and stability of the marine environment can impact port

operations, as erosion and sedimentation patterns affect shipping canals and port accessibility. Changes in these patterns, due to port construction or coastline alterations elsewhere, not only affect the marine environment but can also result in higher maintenance costs for port operators.^{6,7}

These issues would need to be assessed in the EIAs conducted prior to port development. Managing the impacts of this sector will require integrating International Maritime Organisation (IMO) requirements as well as local regulatory standards for ports operations. There are a number of voluntary industry platforms – such as EcoPorts and the Sustainable Shipping Initiative – that can help drive best practices.

6 Zaggia, L. et al. (2017). Fast shoreline erosion induced by ship wakes in a coastal lagoon: Field evidence and remote sensing analysis. PLoS ONE 12(10).

7 Asariotis, R. et al. (2017). Port Industry Survey on Climate Change Impacts and Adaptation. UNCTAD. http://unctad.org/en/PublicationsLibrary/ser-rp-2017d18_en.pdf

DESALINATION

Technological innovation to manage brine discharge and improved water efficiency can help to make the desalination sector more sustainable.

The UAE has the potential to be a world leader in desalination because of the size of the industry and its crucial importance for water security. The environmental challenges arising from water desalination can be turned into business opportunities linked with sustainable practices.

Water desalination plants rely on good water quality; increased salinity or pollutants in the seawater requires additional treatment with cost implications for their operations.⁸

Coupled with a strong policy and regulatory framework, industry platforms investing in research and development can help commercialise innovative technology enabling zero brine discharge. This could evolve into a circular economy where desalination discharges are utilised in other industries. Such a platform would align well with the

UAE's drive for innovation and its leadership role in establishing the Global Clean Water Desalination Alliance.⁹

At the same time, it is important to continue emphasising and investing in water demand management programmes to increase the sustainability of the sector.

“ THE UAE HAS THE POTENTIAL TO BE A WORLD LEADER IN DESALINATION BECAUSE OF THE SIZE OF THE INDUSTRY AND ITS CRUCIAL IMPORTANCE FOR WATER SECURITY ”

8 Masdar (2018). Renewable Energy Desalination Programme: the new frontier of sustainable water desalination. Masdar: UAE.

9 For more information, see the Global Clean Water Desalination Alliance: <https://www.gcwda.org/>

FINANCE

As a major contributor to the economy of the UAE, the finance sector is uniquely placed to drive positive action across all sectors.

Further integrating the principles of a Sustainable Blue Economy can create new opportunities for the finance sector in the UAE. Responsible, impact and conservation investing are quickly gaining support globally and are expected to continue to expand, as an increasing number of companies commit to sustainability frameworks like the SDGs and circular economy practices. Globally, assets of almost \$23 trillion were allocated to responsible investment strategies as of 2016.¹⁰ The Dubai and Abu Dhabi Declarations on Sustainable Finance demonstrate a major shift in the role of finance in driving sustainability.

Companies that commit to sustainability should find it easier to attract investors – a global trend that is expected to increase over time. A recent study by Accenture, the UN Global Compact and Principles for Responsible Investment found that **88 per cent of investors surveyed perceived sustainability as “a path to competitive advantage”**, and 78 per cent saw it as “a differentiator in determining industry leaders”.¹¹

‘Blue’ financial products and the Asian Development Bank ‘Action Plan for Healthy Oceans and Sustainable Blue Economies’ indicate a trend toward sustainability in finance. Of finance sector interviewees, 80 per cent stated that banks would require their corporate clients to have plans to mitigate marine environmental impacts in the next five years.

It is noteworthy that all interviewees from the finance sector indicated the need to stimulate both supply of and demand for increased sustainability.

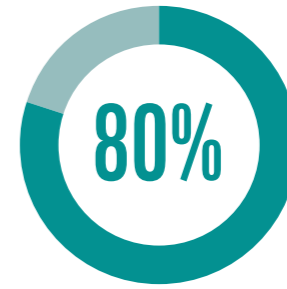
Finance sector interviewees indicated that, for their sector, such ‘push and pull’ momentum may come from:

- Clients or customers demanding more sustainable finance
- Credit rating agencies including more environmental factors in ratings
- Shareholders placing higher priority on sustainability actions
- Increased understanding of environmental pressures and international environmental policy frameworks

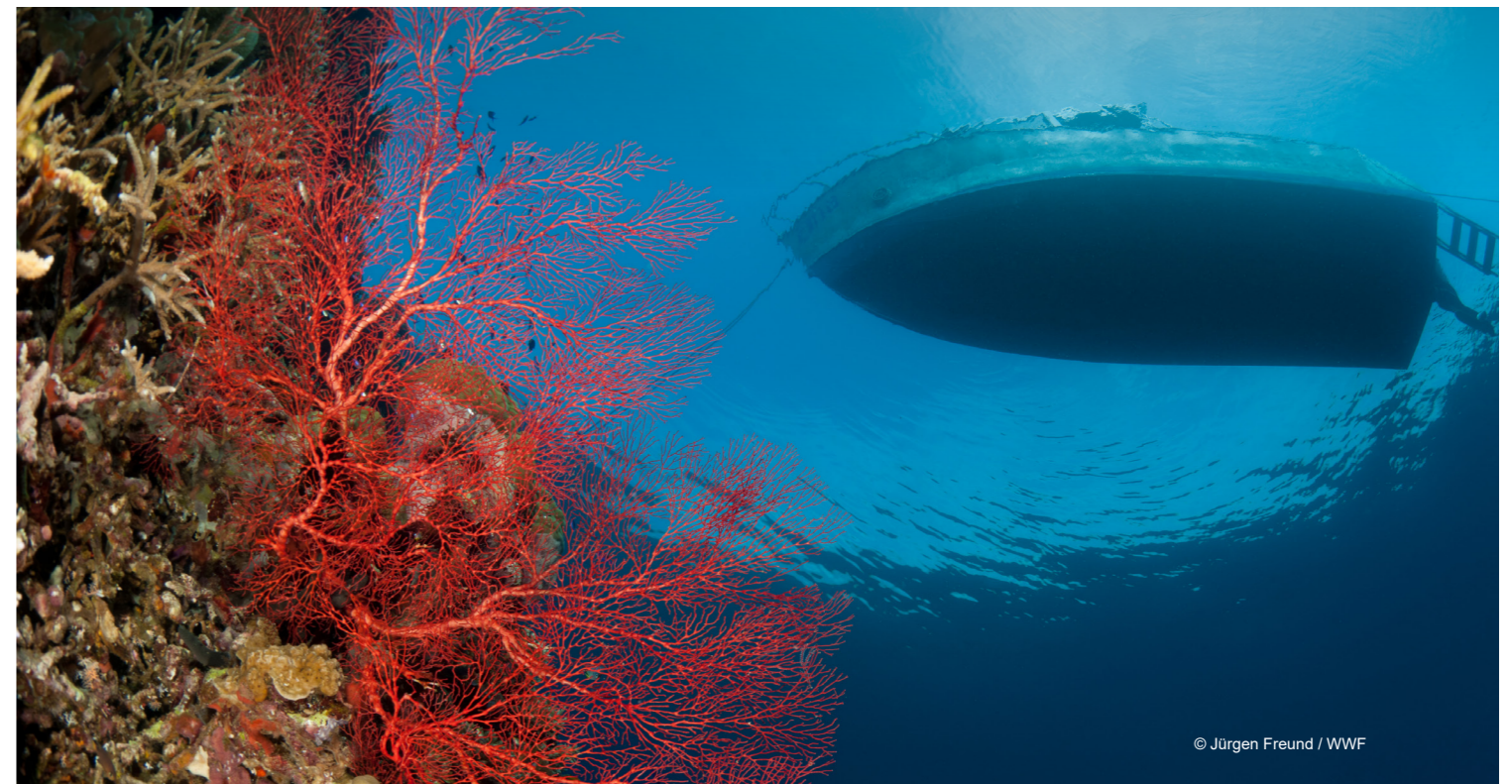
“ GLOBALLY, ASSETS OF ALMOST \$23 TRILLION WERE ALLOCATED TO RESPONSIBLE INVESTMENT STRATEGIES AS OF 2016 ”

The development of sharia-compliant ‘blue’ finance products presents another opportunity for the UAE finance sector. Sharia law is very much in line with the need to protect the natural environment, and most banks have sharia advisory boards or councils that could help provide such guidance. Engaging with sharia advisory boards or councils to create guidelines on marine conservation and a Sustainable Blue Economy could be a useful opportunity for further engagement.

Credit rating agencies can also play an important role in driving banks to scale up their activities in the sector. Integrating principles for a Sustainable Blue Economy into the environmental, social and governance (ESG) criteria of rating agencies could push the sector towards systematically addressing such issues and provide a useful target for further work. The finance sector can drive actions towards sustainable operations contributing to resilient marine ecosystems that can in turn reduce operational and financial risks.




STATED THAT BANKS WOULD REQUIRE THEIR CORPORATE CLIENTS TO HAVE PLANS TO MITIGATE MARINE ENVIRONMENTAL IMPACTS IN THE NEXT FIVE YEARS



¹⁰ Global Sustainable Investment Alliance (2016). Global Sustainable Investment Review. http://www.gsi-alliance.org/wp-content/uploads/2017/03/GSIR_Review2016.F.pdf

¹¹ Accenture (2014). The Investor Study: Insights from PRI Signatories. UN Global Compact, Accenture and Principles for Responsible Investment. https://www.accenture.com/t20150523t042350_w_us-en/_acnmedia/accenture/conversion-assets/dotcom/documents/global/pdf/industries_15/accenture-investor-study-insights-pri-signatories.pdf



PLAY YOUR PART IN THE UAE'S TRANSITION TO A SUSTAINABLE BLUE ECONOMY



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