

Indian Ocean Rim Association (IORA) Business Conclave 2024

Blue Economy in the IORA Region

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José Gamito Pires

Climate and Blue Finance Specialist
Financial Institutions Group, IFC

AGENDA

- 01 Introduction to Blue Finance
- 02 Market Trends and IORA's Context
- 03 Blue Finance Guidelines
- 04 IFC's Blue Initiatives
- 05 IFC's Blue Investments
- 06 Blue Finance Categories and Examples
- 07 Q&A



FINANCING THE BLUE ECONOMY



MARKET TRENDS

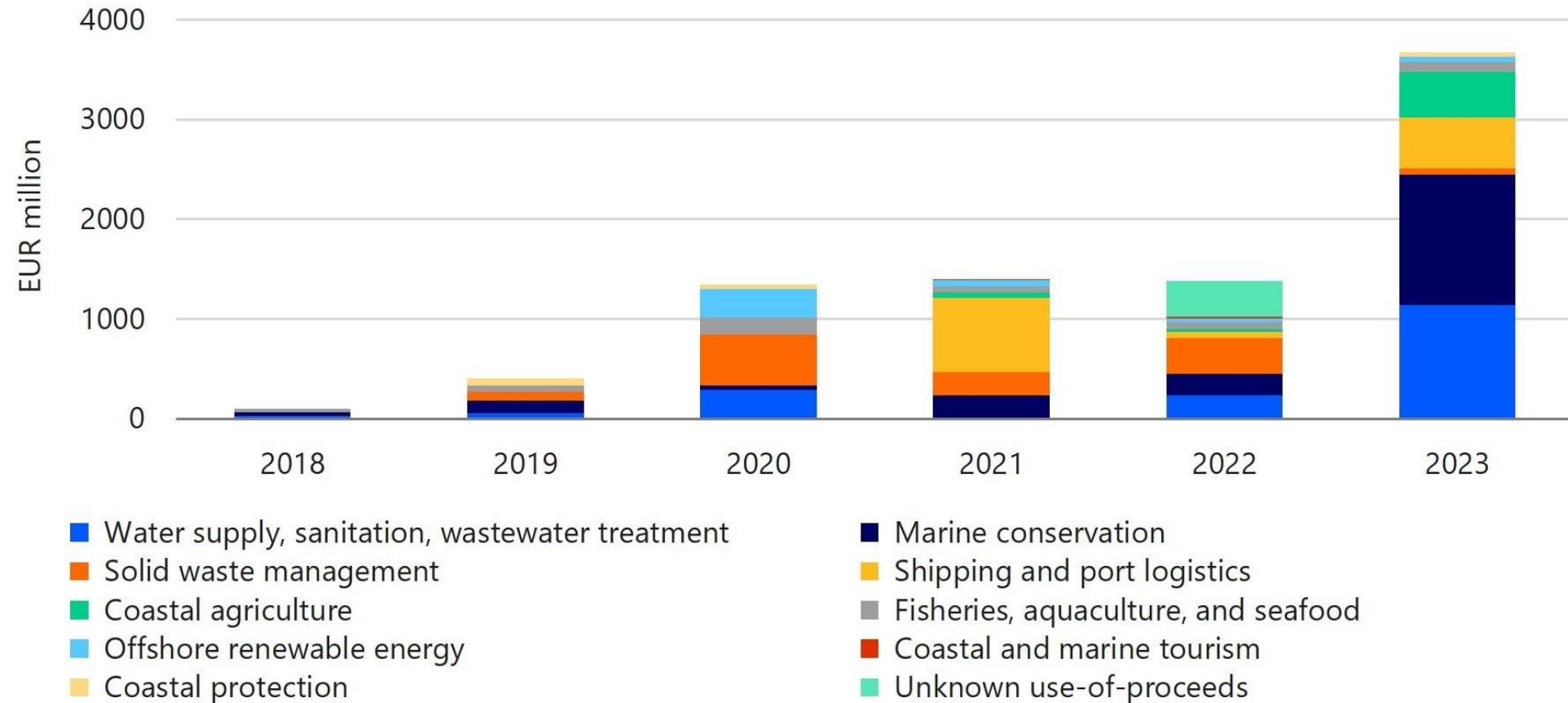
The **blue finance market** is a relatively new segment of the sustainable debt market that can help close the global water financing gap.

Blue bonds and loans are a subset of green finance. The blue bonds market exceeded **USD 7bn** in 2023.

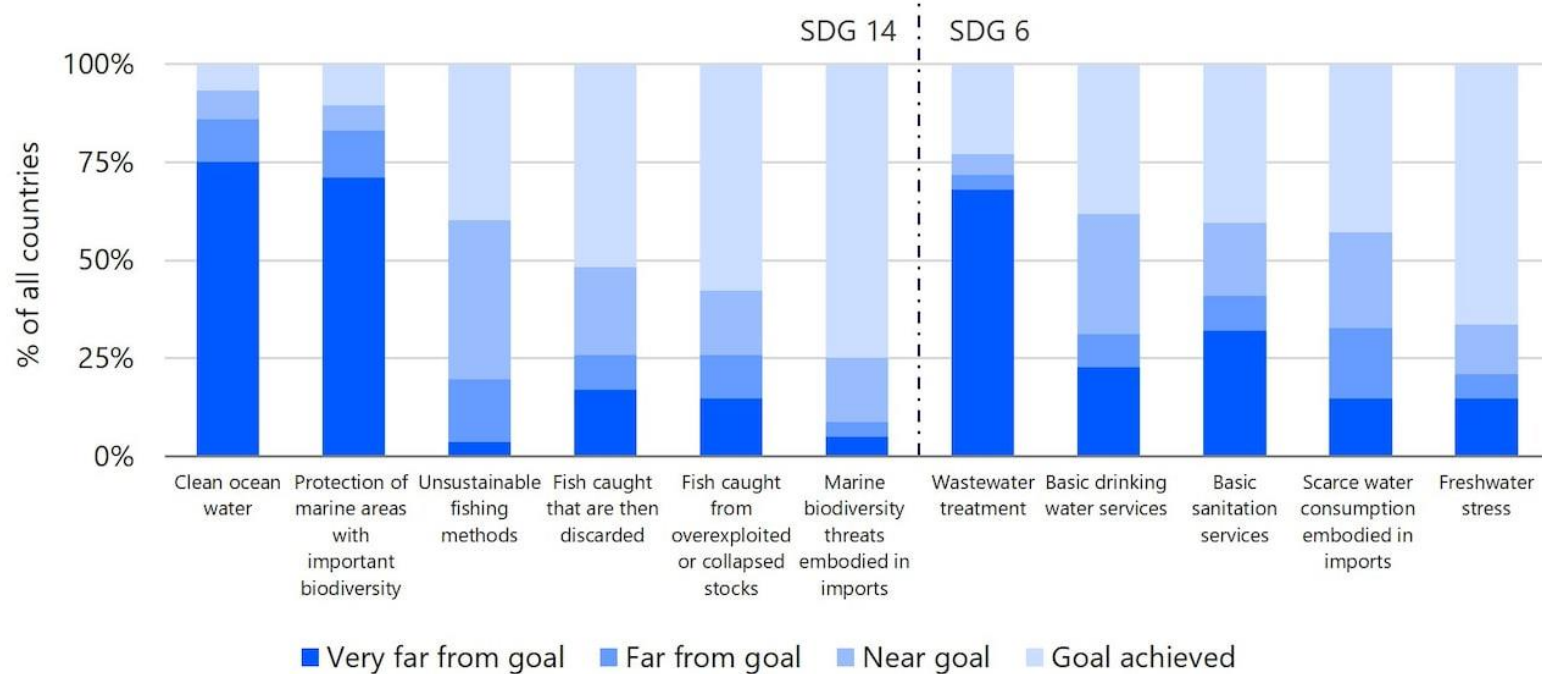
Bonds are labeled “blue” only if proceeds are exclusively allocated to blue purposes.

The unwavering need for investment in blue sustainable development is likely to drive the growth of blue finance throughout this decade.

An overview of blue finance projects and programs since 2018



MARKET TRENDS



Water finance flows will need to be ramped up significantly to bridge the gap on water-related sustainable development goals by 2030. Although blue finance is expanding, the annual flow of blue finance is far from sufficient to fully address these goals.

The financing gap to meet all SDGs by 2030 amounts to USD 4 trillion per year. The SDGs related to clean water and sanitation require an additional USD 0.5 trillion per year, while SDG 14 (conserve and sustainably use the oceans, seas and marine resources for sustainable development) requires an additional USD 0.3 trillion per year. **Together, the blue SDGs constitute 20% of the total SDG financing gap.**

QUIZ

1. How much of the heat from the atmosphere is absorbed by oceans?

- A. Close to 23%
- B. Close to 53%
- C. Close to 73%
- D. Close to 93%

2. How much of wastewater is released to the environment without adequate treatment, globally?

- A. 20%
- B. 50%
- C. 80%
- D. 95%

IFC BLUE GUIDELINES 2022

IFC Blue finance encompasses investments that address sustainable water management and ocean protection (SDG 6 and 14)

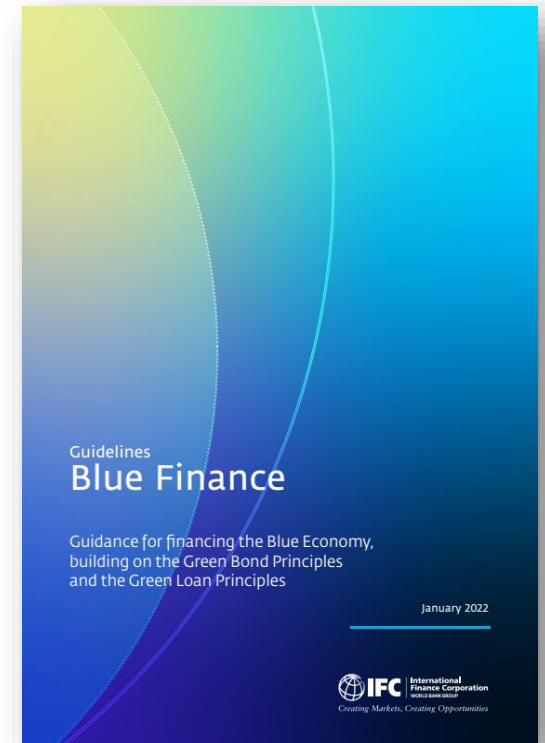
The guidelines identify a list of eligible use of proceeds to support blue bond issuances and blue lending. Its implementation across IFC investments and in the market have been leading to some of the first in-the-market transactions.



- A. Water supply
- B. Water sanitation



- C. Ocean-friendly and water-friendly products
- D. Ocean-friendly chemicals and plastics-related sectors
- E. Sustainable shipping and port logistics sectors
- F. Fisheries, aquaculture, and seafood value chain
- G. Marine ecosystem restoration
- H. Sustainable tourism services
- I. Off-shore wind



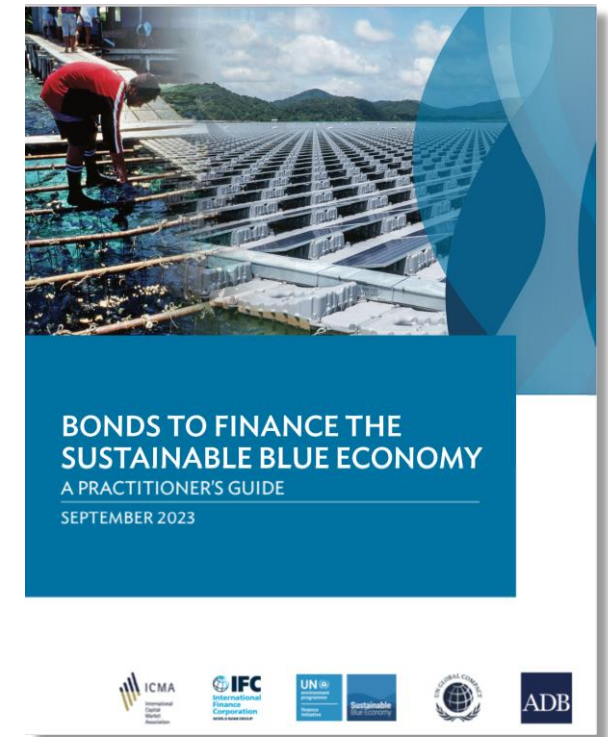
GLOBAL PRACTITIONER'S GUIDE 2023

Guidance on Blue Bonds to Help Practitioners Unlock Finance for a Sustainable Ocean Economy

IFC together with the International Capital Market Association (ICMA), United Nations Global Compact (UN Global Compact), United Nations Environment Programme Finance Initiative (UNEP FI), and the Asian Development Bank (ADB) developed voluntary guidance to provide market participants with clear criteria, practices, and examples for "blue bond" lending and issuances.

The global guidance helps:

- Define blue economy typology and **eligibility criteria**;
- Suggest **key performance indicators**;
- Showcase latest **case studies** from the field; and
- Highlight the critical need for increased financing to achieve global sustainability targets.



ADOPTION OF IFC BLUE FINANCE GUIDELINES

These guidelines continue to be useful for IFC and beyond as more stakeholders adopt this guidance and are being incorporated into national taxonomies such as in Sri Lanka and The Philippines.

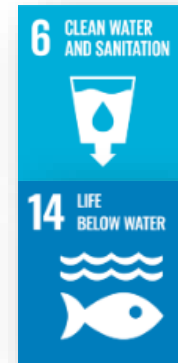
- In September 2023, [The Philippine Securities and Exchange Commission \(SEC\)](#) became the first regulator to issue blue finance guidelines, based on IFC's Blue Finance Guidance.
- In June 2023, [Ørsted](#) has become the first energy company in the world to issue blue bonds. The five-year, EUR 100 million blue bond was issued in a private placement format in accordance with the IFC Blue Finance Guidelines.
- In May 2022, Sri Lanka published a [green taxonomy](#) in partnership with IFC which references the IFC Blue Finance Guidelines



FIRST BLUE BOND STRATEGY TO SUPPORT THE SUSTAINABLE BLUE ECONOMY ACROSS EMERGING MARKETS

T. Rowe Price and IFC have announced a partnership to create a global blue bond investment strategy to mobilize international capital from eligible investors to support blue-labeled investments in emerging markets globally through blue bonds issued by financial institutions and real sector companies

- **Supporting the least funded UN's Sustainable Development Goals (SDG):**
 - SDG 6 - "ensure availability and sustainable management of water and sanitation"
 - SDG 14 - "conserve and sustainably use the oceans, seas and marine resources".
- **Aligned with ICMA/LMA Green Bond/Loan Principles**
- **Robust blue investment guidelines** to assess eligibility and report on impact indicators
- **Technical Assistance Facility (TAF)**, managed by IFC, designed to increase the quality and quantity of blue bond issuance in emerging markets



IFC Blue Investments

Totalizing \$1.531billion

\$100million

The first blue financing loan in Central and Eastern Europe for Banca Transilvania SA (BT), will increase funding for blue economy projects in Romania.

\$150million

Syndicated blue loan in China to Bank of Qingdao

\$150million

First blue bond in Colombia issued by BBVA to support the protection of the country's water resources

\$300million

IFC's first ever blue loan for Thailand's Indorama Ventures and exclusively focused on addressing marine plastic pollution.

\$70million

Blue loan in China to INTCO Recycling

\$79million

First blue bond from the private sector in LAC issued by Banco Internacional in Ecuador

\$120million

First blue loan in Turkey to Yapi Kredi Leasing, supported by co-financing from institutional investors through MCPP.

\$50million

First blue bond by a commercial bank in Thailand issued by TMBThanachart Bank (TTB).

\$100million

First blue bond in the Philippines issued by BDO Unibank.

\$160million

Sustainable loan to Produbanco to support the blue economy in Ecuador

\$150million

Blue Loan to (SABESP), one of the largest water and sanitation companies in the world to help increase access to sewage collection services and improve water quality in the state of São Paulo.

\$50million

Blue bond issued by Bank of Ayudhya (BAY) dedicated to supporting the development of the Bank's blue assets.

\$52million

Blue Loan to (SANASA), to improve water quality and increase access to sanitation services in Brazil

BLUE USE OF PROCEEDS: WATER SUPPLY

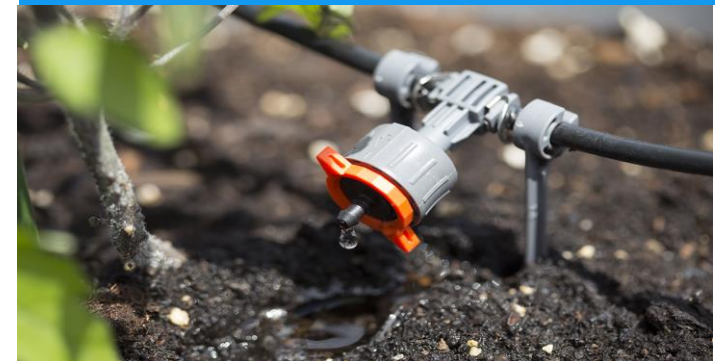
Sustainable desalination plants which avoid hypersaline pollution of the environment



New or rehabilitated drinking water treatment, storage that documents 20% water savings



Water efficiency technologies and equipment



BLUE USE OF PROCEEDS: WATER SANITATION

New or retrofit of water treatment infrastructure



Wastewater treatment plants



Wastewater biogas infrastructure



BLUE USE OF PROCEEDS: OCEAN/WATER FRIENDLY PRODUCTS

Biodegradable and phosphate-free detergents and shampoos



Alternative low carbon and biodegradable materials



Household products with a sustainable supply of raw materials

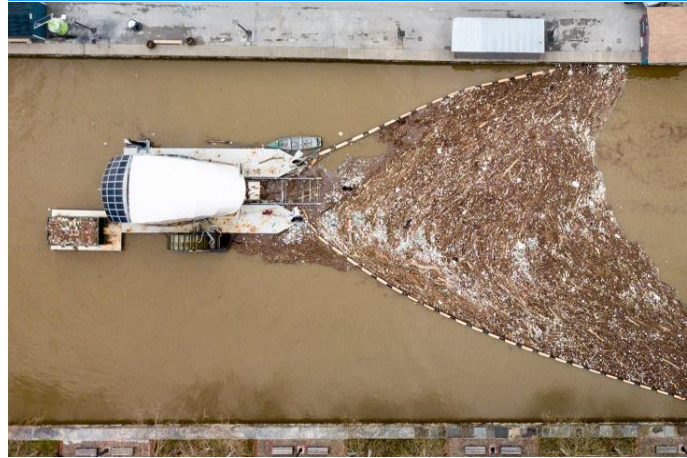


BLUE USE OF PROCEEDS: CHEMICALS AND PLASTICS

Plastics recycling facilities



Plastics collection



Sustainable and biodegradable fertilizers



QUIZ

3. How long does a plastic bottle last in the marine environment?

- A. 50 years
- B. 100 years
- C. 450 years
- D. 800 years

4. What percentage of all the plastic waste generated globally is recycled?

- A. 9%
- B. 28%
- C. 55%
- D. 90%

5. How many marine animals (including mammals, fish, sharks, turtles, and birds) are killed each year due to plastic debris in the ocean?

- A. 100
- B. 1000
- C. 10000
- D. 100000

BLUE USE OF PROCEEDS: SUSTAINABLE SHIPPING

Electric Ferries



Vessels running on Green Ammonia/Hydrogen



Investments in improvement of oil (fuel) spill prevention, risks safeguard & recovery facilities



BLUE USE OF PROCEEDS: FISHERIES, AQUACULTURE, AND SEAFOOD

Investments in ASC certified aquaculture



Investments in MSC certified fisheries



Cold chain and storage



BLUE USE OF PROCEEDS: MARINE ECOSYSTEMS

Investments in conserving, improving, and restoring marine and coastal ecosystems



Information systems, technology for measuring and control indicators



Investments into promising new restoration techniques



BLUE USE OF PROCEEDS: SUSTAINABLE TOURISM

Purpose Tourism Operations



Eco Resorts



Certified Diving Centers (e.g. PADI)



BLUE USE OF PROCEEDS: OCEAN-FRIENDLY OFFSHORE RENEWABLE ENERGY FACILITIES

Offshore wind energy facilities, such as wind farms that do not harm marine ecosystems



IFC BLUE FINANCE GUIDELINES



Q&A



THANK YOU

Contact

José Gamito Pires
jgamitopires@ifc.org