

2024 Progress Report to
United Nations Environment Programme Finance Initiative
from
Asian Development Bank
on
ADB's Implementation of the Sustainable Blue Economy Finance Principles

Introduction

The Sustainable Blue Economy Finance Principles were developed through a partnership between the European Commission, the World-Wide Fund for Nature, the Prince of Wales's International Sustainability Unit, and the European Investment Bank. The objectives of the Principles are to raise awareness of the importance of sustainable blue economy, promote the implementation of the Sustainable Development Goals, in particular Goal 14 (Life Below Water), and guide investors towards good practice and sustainability.

At the Our Ocean Conference held in Malta in October 2017, a coalition of institutions announced their support to the development of the Principles, which were published in March 2018. In 2020, the Principles were adopted by the United Nations Environment Programme Finance Initiative (UNEP FI) Sustainable Blue Economy Finance Initiative (Initiative), which now acts as the institutional host of the Principles. The Initiative provides an interactive platform that brings financial institutions and private finance together to work with scientists, corporations, and civil society. It will facilitate the adoption and implementation of the Principles, ensuring they become operational and useful for financial institutions worldwide.

In October 2020, the Asian Development Bank (ADB) signed the Sustainable Blue Economy Finance Principles. This aligns with ADB's Action Plan for Healthy Oceans and Sustainable Blue Economies, launched in 2019, in Nadi, Fiji. The Action Plan aims to increase investments and technical assistance in ocean health to \$5 billion by 2024, using funds from ADB and other sources. Signing the Principles also supports key priorities of ADB's Strategy 2030: (i) tackling climate change, building climate and disaster resilience, enhancing environmental sustainability, (ii) strengthening governance and institutional capacity, and (iii) fostering regional cooperation and integration.

As an institutional signatory, ADB commits to applying the Principles across its entire portfolio. The Principles are high-level and voluntary, and act as a guide (rather than prescribe), with the responsibility of investment decisions remaining within ADB. Other responsibilities of signatories are to: (i) publicly report annually how the institution is working to implement the Principles; (ii) allow use of the ADB logo on the Principle's signatory directory; (iii) participate in community of practice meetings and calls; (iv) provide input to discussions and work program; and (v) participate in decision-making on work program to support implementation of the Principles and opportunities to contribute to the outputs of the initiative. These tasks and responsibilities are currently managed by the Environment Thematic Group of the Climate Change and Sustainable Development Department.

There are several benefits for ADB becoming a signatory to the Principles: (i) increased visibility for the Action Plan and program; (ii) enables ADB to have access to a global community of practice, peer-to-peer learning, blue finance resources and knowledge base, and help shape guidance to deliver a sustainable blue ocean economy; and (iii) collaboration with UNEP FI and other partners also helps find new, cutting-edge solutions, amplify success, and catalyze change, with wider dissemination of ADB's work at a global level.

Progress on Implementation of the Principles at ADB

ADB is systematically integrating the Principles into decision-making activities across the bank and operationalized the Principles by using them as a basis for developing the ADB Ocean Finance Framework (OFF). ADB also partnered with UNEP FI to operationalize the Principles through the ADB Blue Bond Incubator, which was launched in April 2022. The Blue Bond Incubator supported sovereign and corporate blue bond development and issuance. One of the key outputs was the development of new global blue bond guidance, in collaboration with UNEP FI, the International Capital Markets Association, International Finance Corporation, and UN Global Compact. The [guidance](#) was launched in September 2023.

Since 2021, the Environment group has consulted with various departments involved in ocean projects, including Southeast Asia, South Asia, Central and West Asia, East Asia, Pacific, and the Private Sector Operations departments. The goal was to enhance understanding and implementation of the Ocean Finance Framework and the Sustainable Blue Economy Finance Principles. These consultations have helped develop more ocean-positive projects and improve ocean outcomes in ADB's pipeline, and the oceans teams will continue this work in the future.

In March 2023, ADB established the [Ocean Resilience and Coastal Adaptation Trust Fund](#) (ORCA-TF). The ORCA-TF will provide grant finance for ocean-positive project origination and preparation in all areas that contribute to measurable ocean health and resilience with a focus on nature-based solutions, ecosystem management and restoration.

Future Directions

ADB is in its final year of the \$5b ocean commitment, monitoring progress, while concurrently developing a roadmap towards the second phase of the program. This will closely align with the Sustainable Blue Economy Finance Principles, and partnerships with institutions such as the UNEP FI will help synergise efforts.

ADB plans to develop an implementing guidance to supplement the ADB OFF. The OFF has a primary purpose of defining criteria for investments under the Healthy Oceans Action Plan, and a secondary purpose to support ADB's tracking and reporting against the \$5b ocean commitment. Drawing upon UNEPFI's recent Setting Sail guidance provides a solid foundation for this endeavor, enabling deeper integration of both programs and refining the definition of blue economy projects.

Finally, ADB is in the process of increasing support and capacity under its new finance facility – the ORCA-TF, to increase the quantity and quality of investments in ocean health (including resilience and the blue economy) and coastal adaptation. We look to collaborate with partners and donors for increased investments and targeted funding towards the effort.