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# ADB Training: Blue Finance



Photo: OECD

**Dr. Melissa Walsh, Program Manager – Ocean Finance Initiative**  
SDCC

9 November 2020 (Day 1 of 3)



# **1 Ocean Health, Blue Economy, & Blue Finance**

**2 Blue Economy Segments**

**3 Ocean Finance Enabling Conditions**

**4 Beneficiaries, Sources of Funds, Finance Mechanisms**

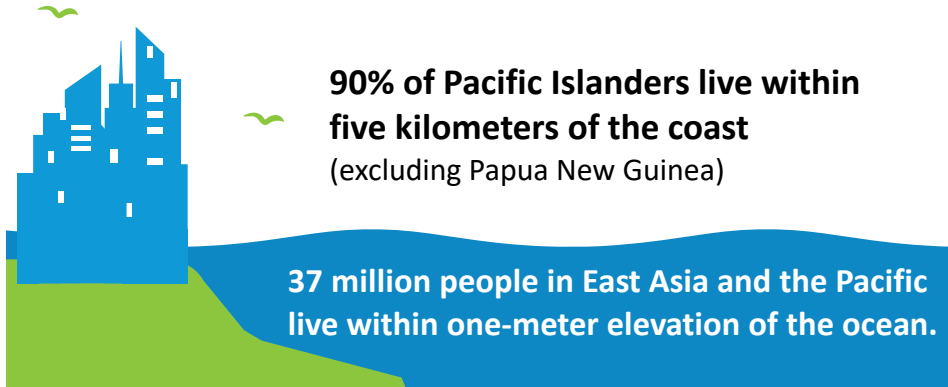
**5 Pipeline & Opportunities**

**6 Deep Blue Vision: Way Forward**

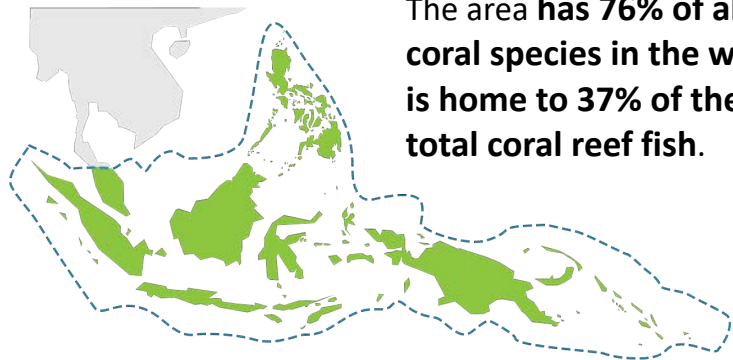
# Why Healthy Oceans Are Valuable to Asia and the Pacific

The global ocean economy is estimated to be worth

**US\$3 trillion by 2030**



The Coral Triangle, which covers six countries in Asia and the Pacific (Malaysia, the Philippines, Indonesia, Timor-Leste, Papua New Guinea, and Solomon Islands), is the **center of marine life and coral diversity in the world.**



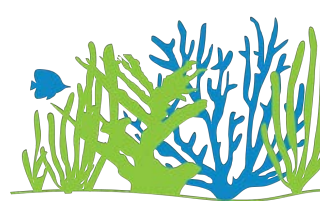
The area **has 76% of all known coral species in the world and is home to 37% of the world's total coral reef fish.**



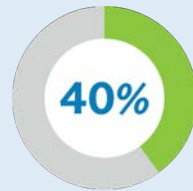
Asia and the Pacific is home to approximately **46% of the world's mangroves.**

Mangrove forests can hold **up to four times more carbon than tropical rainforests.**

Southeast Asia holds 21 seagrass species, which is **29% of the world's seagrass species.**



**Coral reefs, coastal wetlands and other coastal ecosystems** act as buffers against storms and large waves.



The coastal zones of Bangladesh, India, the Maldives, Pakistan, and Sri Lanka contain about **40% of the economic activities in South Asia.**

**Six out of the ten largest fisheries in the world are in Asia** (The People's Republic of China, Indonesia, India, Japan, Vietnam and the Philippines).



**Thirty-four million people in Asia and the Pacific are engaged in commercial fishing.**

Six Pacific Islands (Federated States of Micronesia, Kiribati, Marshall Islands, Nauru, Tokelau, and Tuvalu) **derive at least 45% of all government revenue from tuna.**





In many least developed countries of Asia, **fish accounts for more than 50% of the total animal protein intake.**

Total production of aquaculture in Asia reached 103 million tonnes in 2017. That supplied **60% of fish for global human consumption.**



In the East Asia Seas region (Cambodia, People's Republic of China, Indonesia, Japan, Malaysia, Philippines, Republic of Korea, Singapore, Thailand, Timor-Leste, and Viet Nam), the gross value added of coastal and marine tourism is worth **around US\$200 billion.**



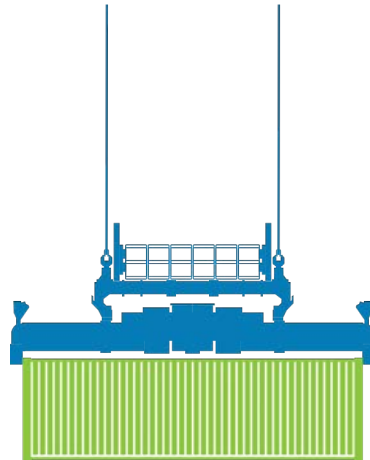
International arrivals to six Pacific countries (Cook Islands, Fiji, Papua New Guinea, Samoa, Solomon Islands, Vanuatu) **grew almost 50% between 2005 and 2015.**

**Tourism is a significant employer in the Pacific Islands.**

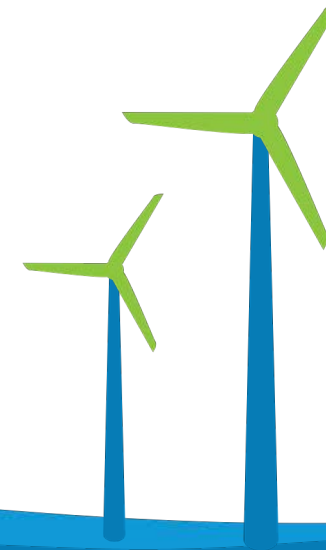
The highest levels of tourism employment are in **Tonga (15%), Samoa (18%), Palau (50%).**



The East Asia Seas region serves as a conduit of **90% of the world's trade through shipping.**

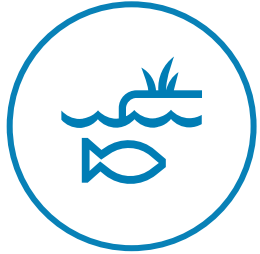


Every 1 million tons of cargo volume handled by a port generates an additional **US\$100 of economic benefit and creates 300 new jobs.**



**Marine and offshore renewable energy** powers coastal communities and mitigates climate change.





## Drivers of Ocean Degradation

- Climate change
- Illegal and unsustainable fishing
- Pollution (plastic, wastewater, agricultural runoff)
- Unsustainable coastal development (habitat conversion, unsustainable tourism pressure)
- Shipping (pollution, groundings, invasive species)
- Extraction (oil, gas, deep sea minerals)



## Pandemic Impacts

- Surge in marine plastic pollution
- Reduced fisheries enforcement
- Increased subsistence fishing
- Loss of marine conservation revenues from tourism



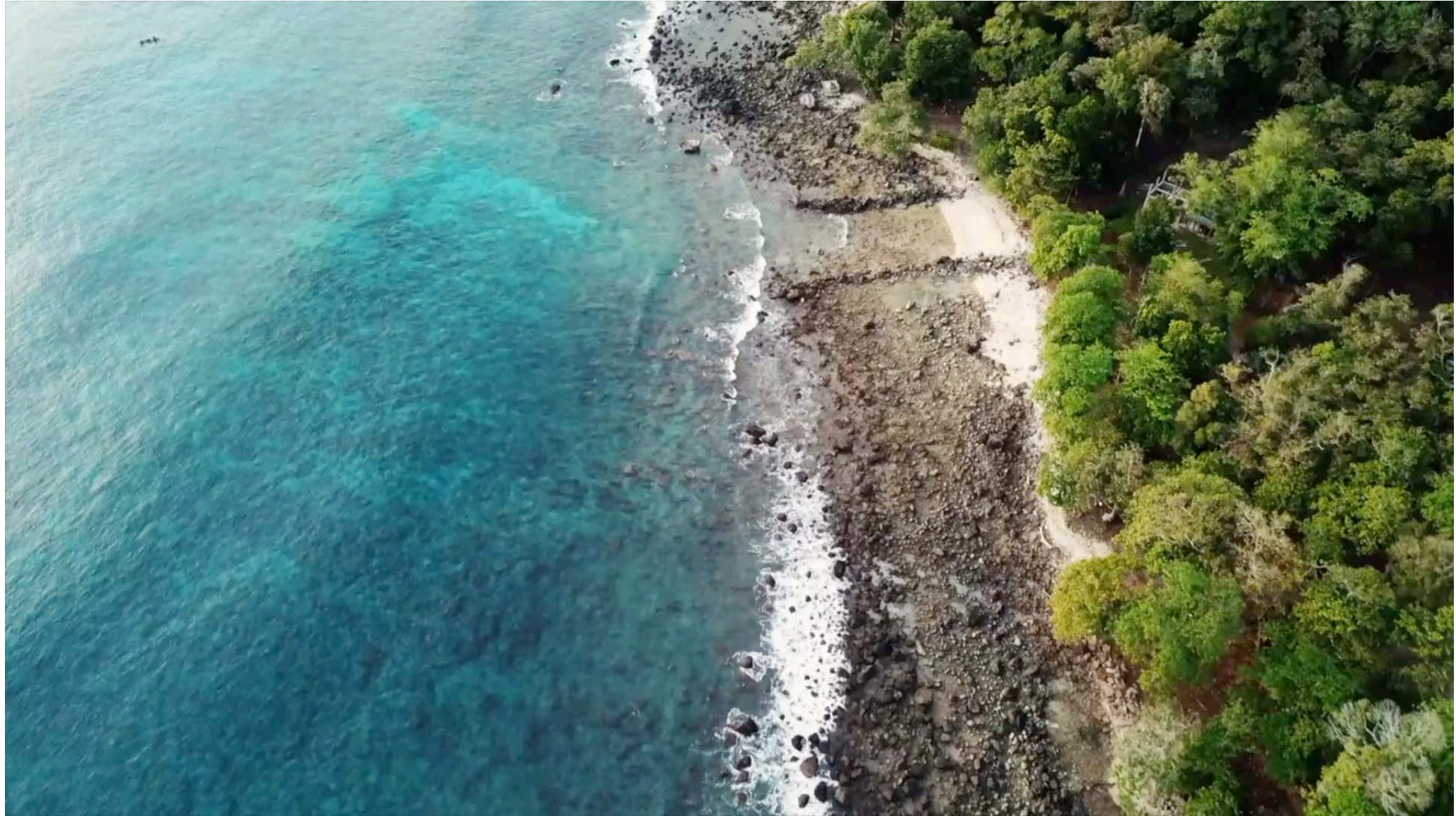
## Overall Impacts

- Marine populations declined by 49% in the past 50 years
- 90% loss of coral reefs projected by 2052
- Ocean “dead zones” have quadrupled since 1950
- Third of fish stocks overfished (almost two-thirds in South East Asia)
- Food insecurity, job and economic losses, reduced resilience to coastal hazards





Watch the video “What is Ocean Finance?” here: <https://www.marineconservationfinance.com/>







## ACTIVITY



Why is  
the ocean  
important  
to you?



Investing \$1 in Ocean Action =

**\$5 Global Benefits**



Source: Konar & Ding 2020



## A Major Gap in Ocean Finance for Supporting a Sustainable Ocean Economy



### WITH

- Very little private sector investments
- Misdirected public sector investments in the form of harmful subsidies and **\$4.7 trillion to oil and gas alone**





Blue  
Economy  
=  
Sustainable  
Ocean  
Economy



Environmental,



Social, and



Economic



Sustainability of Sectors that



Impact on and/or



Benefit from the



Ocean

# Challenges & Constraints

- Standards & Metrics
- Pipeline
- Underfunding
- Misalignment of Economic Incentives
- Lack of Data & Capacity





# 1 Challenges & Constraints







Questions?



1 Ocean Health, Blue Economy, & Blue Finance

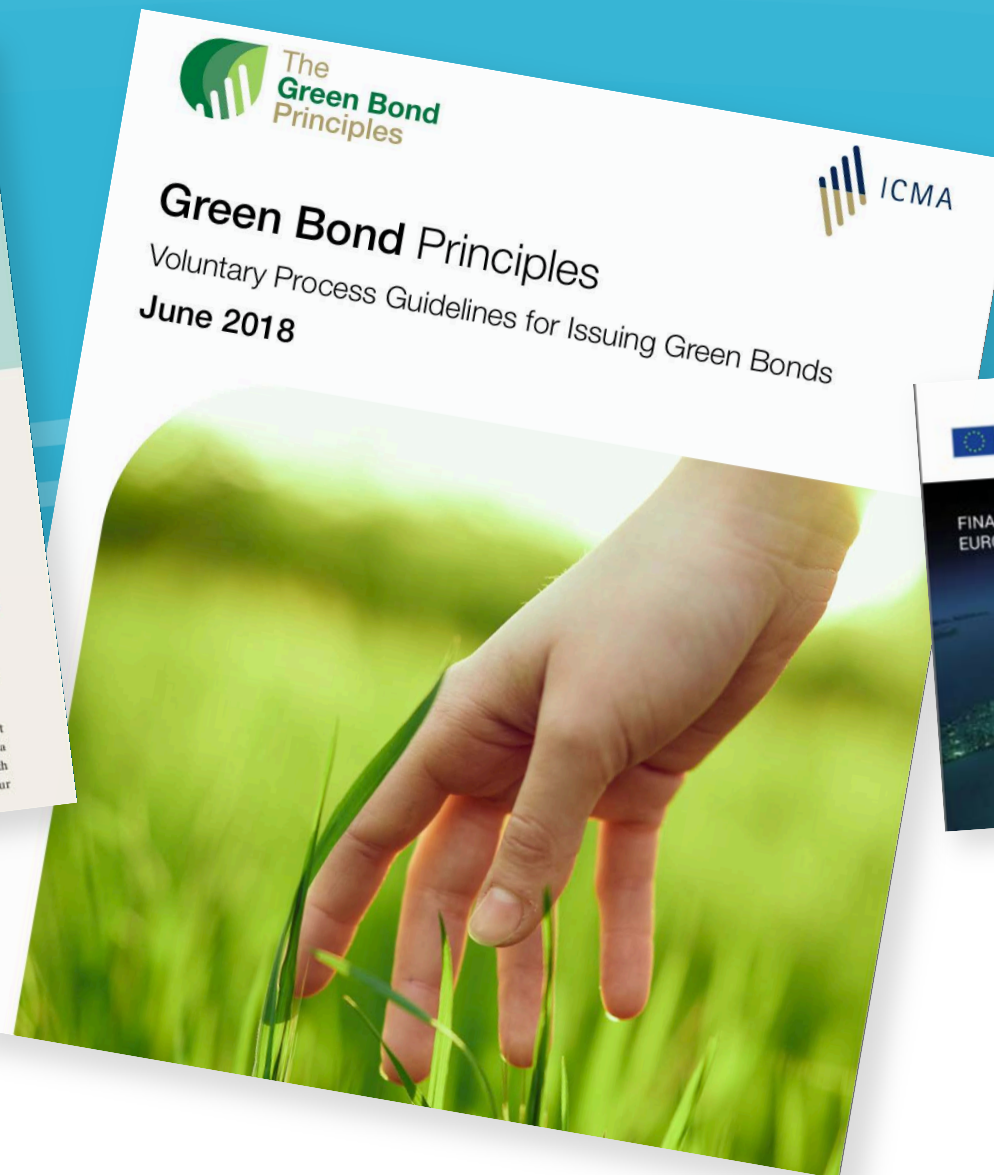
2 **Blue Economy Segments**

3 Ocean Finance Enabling Conditions

4 Beneficiaries, Sources of Funds, Finance Mechanisms

5 Pipeline & Opportunities

6 Deep Blue Vision: Way Forward







# ADB Ocean Finance Framework



Questions?





- 1 Ocean Health, Blue Economy, & Blue Finance
- 2 Blue Economy Segments
- 3 Ocean Finance Enabling Conditions**
- 4 Beneficiaries, Sources of Funds, Finance Mechanisms
- 5 Pipeline & Opportunities
- 6 Deep Blue Vision: Way Forward



### Strengthen Ocean Governance & Resilience

- Foundation of ocean economy, and national economy, is healthy & resilient ocean
- Whole domain management to strengthen ocean, to accommodate blue growth

### Accelerate blue economy vision by establishing central blue economy institution

- Central institution to focus on blue economy
- Political vision & will



Source: Walsh in prep





## Engage strategically and thoughtfully with ocean stakeholders, communities, NGO partners

- Engage early & often
- Ocean users & key partners
- Inclusive & systematic



## Employ science & technology to innovate blue economy solutions

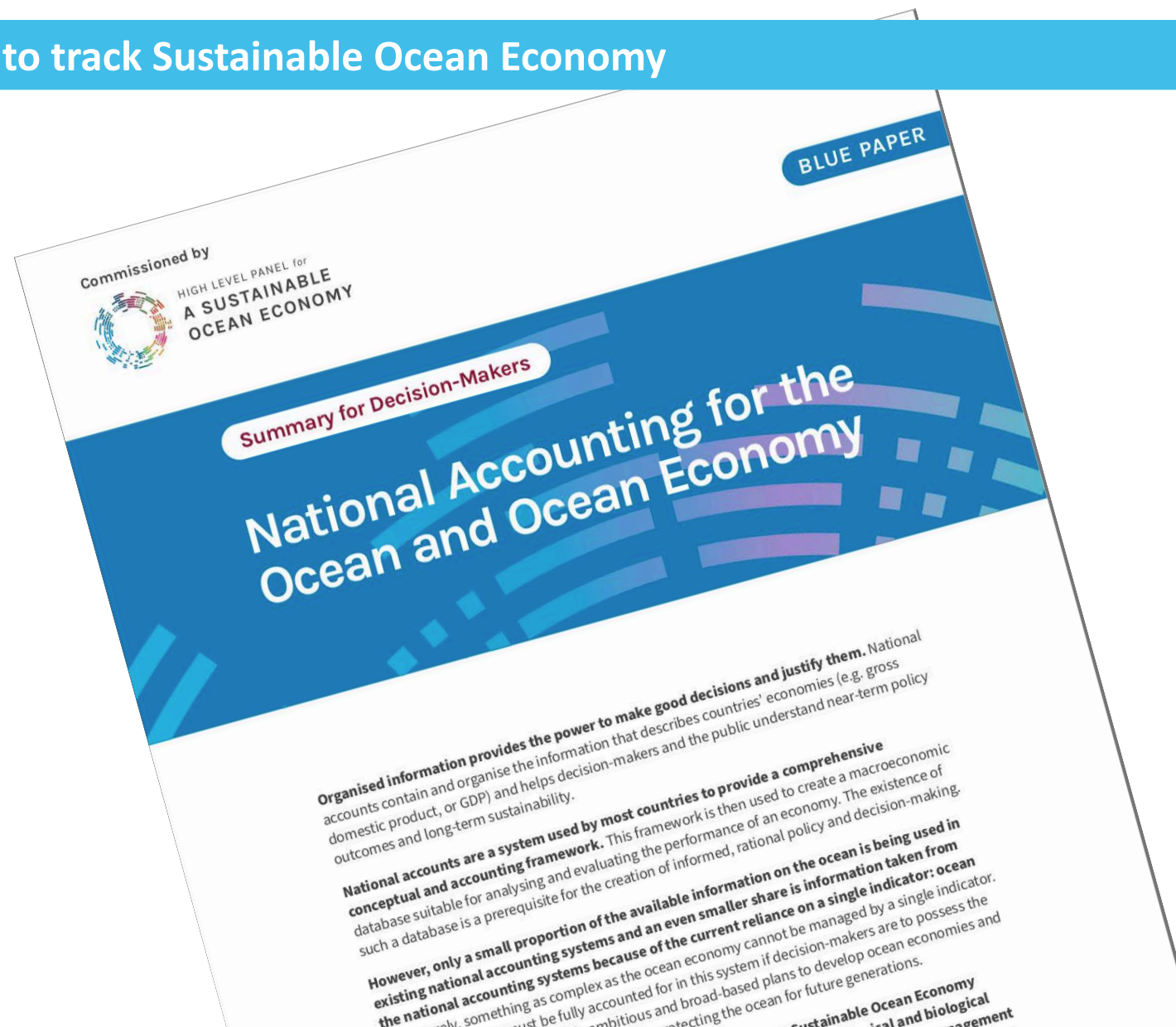
- Technology can increase cost-effectiveness of blue investments
- Science can build transparency & accountability for blue investments



Source: Walsh in prep

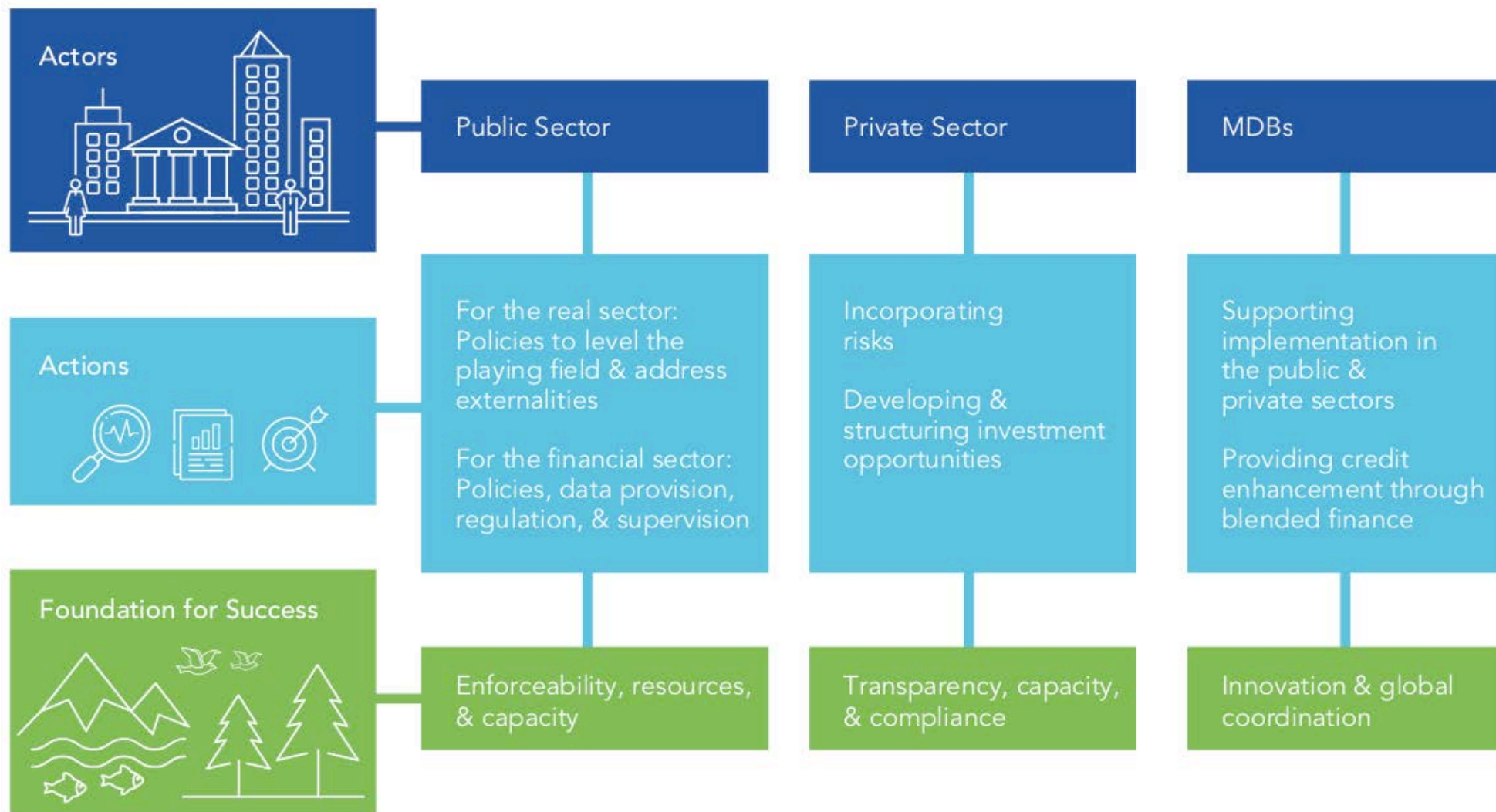


## Create an accounting system to track Sustainable Ocean Economy



Source: Walsh in prep

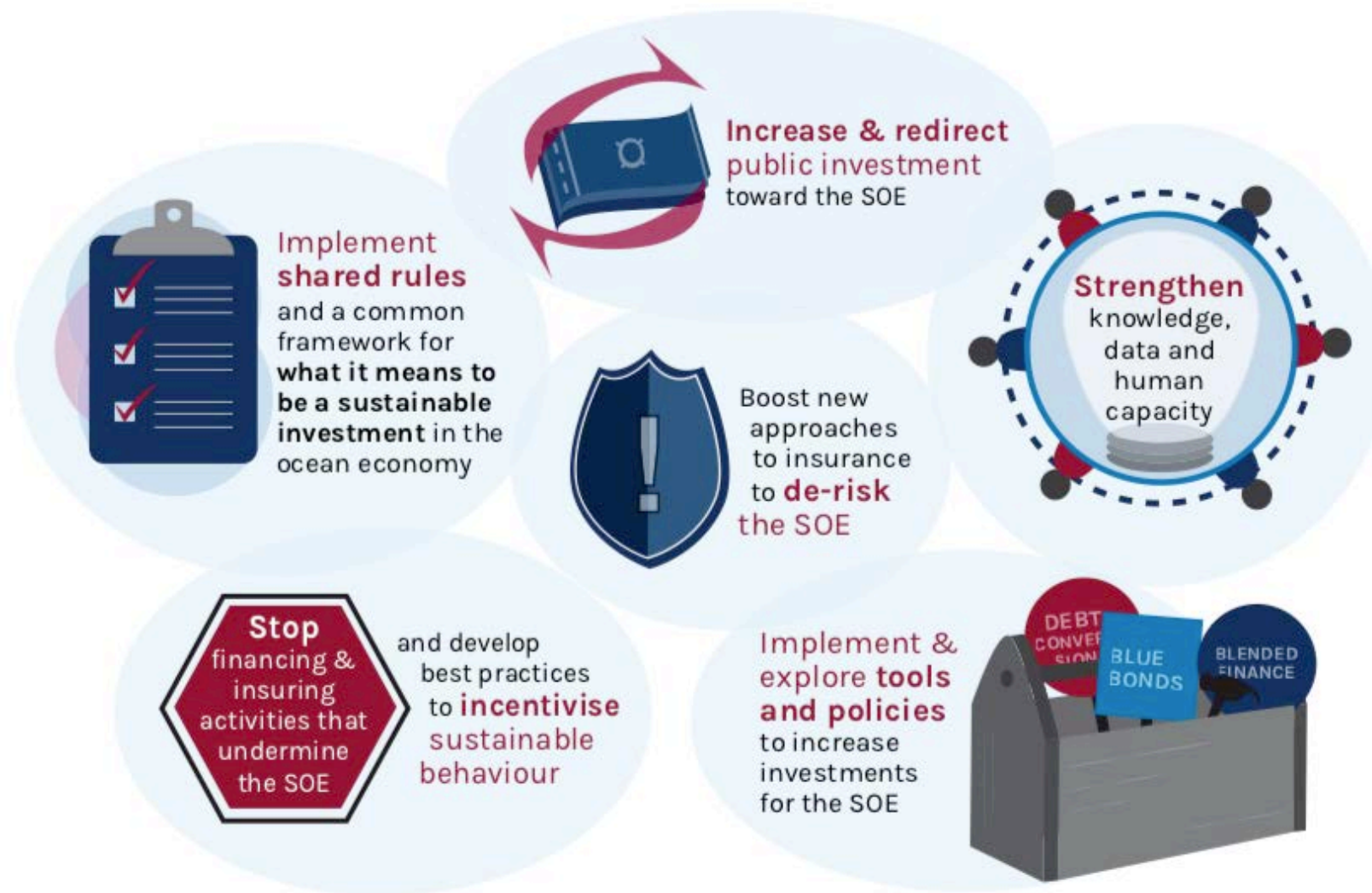




Source: World Bank 2020



## Examples of Opportunities for Action by the Private and Public Sectors in Support of a SOE

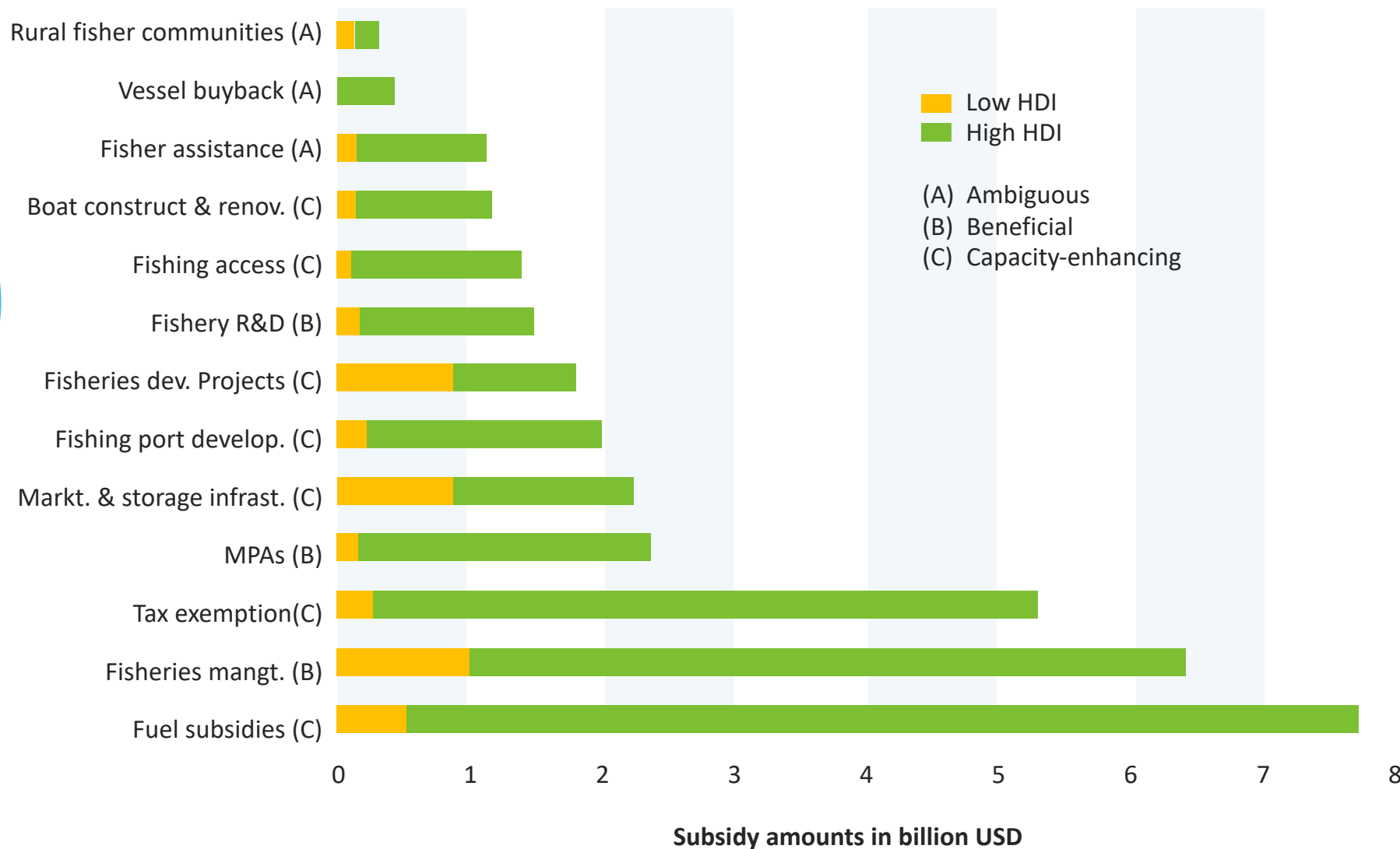


Source: Sumaila, Walsh, Hoareau, and Cox 2020

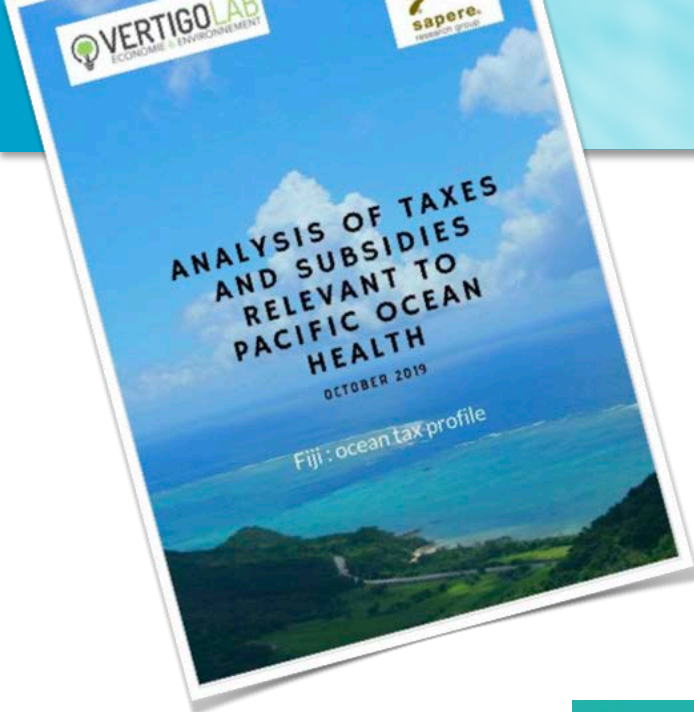




**\$22  
Billion**



Source: Sumaila et al 2019



# Analysis of Taxes & Subsidies Relevant to Ocean Health

## Ocean Tax Profiles for 11 Countries

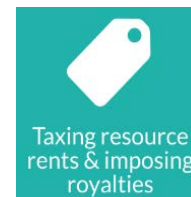
funded by Pacific Ocean Finance Program



- Carbon tax
- Waste import levies
- Plastic bag levies
- Pesticide and fertiliser tax
- Corporate social responsibility tax



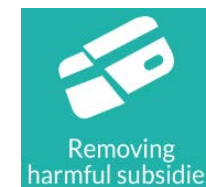
- Environment levy
- Waste levies
- Oil pollution levy
- Earmarking of revenues from tourism, fishing
- Earmarking of taxes on financial transactions



- Seabed minerals taxes
- Water bottling royalty
- Catch royalties
- Royalties on extractive industries



- Conservation tax credits
- Research exemptions
- Duty or tariff exemptions
- Income tax exemptions



- (Some) Fishing subsidies
- (Some) Fuel subsidies
- (Some) Agriculture subsidies



Source: Sapere Research Group and Vertigo Lab 2019





## ACTIVITY

- Which enabling conditions most important in your country / sector?
- What opportunities in ocean finance would you like to explore for your country / sector?



What is the most interesting thing you learned today that you didn't know before?





- 1 Ocean health, which is vital to human health & global economy, is under threat
- 2 Investment in the blue economy needed to sustain oceans
- 3 Public, Private, & MDBs must collaborate to build enabling environment



# Asynchronous Learning

## 1: Investment Pitch

**Question: If you had USD \$10 million to invest in your country or sector, what would you fund to support healthy oceans and sustainable blue economies?**

### Submission options:

- Video (max 2 minutes)
- Powerpoint (max 1 slide)
- Word document (max 500 words)





# Day 1 Closing

