

APRIL 2024

## Blue Bond Incubator (BBI)

The [Ocean Risk and Resilience Action Alliance](#) (ORRAA), [Minderoo Foundation](#) and [Callund Consulting](#), are collaborating to develop **The Blue Bond Incubator - a specialist 'one-stop shop' for the structuring of primary blue bond issues; contributing to a sustainable blue economy; delivering coastal resilience and climate stabilisation; and protecting the most vulnerable ocean ecosystems.**

### Financial Innovation

The Blue Bond Incubator (BBI) will be a new private, not-for-profit entity enabling governments, private issuers and investors in ocean-facing economies to stimulate additional financing into the sustainable blue economy. It aims to increase long-term capital flows from bond markets **with a potential target of USD\$70bn of blue bond issuance in the period to 2030**<sup>1</sup>.

### Snapshot

- The BBI will work as: (1) a Market Builder (a market advocate for blue bonds), and (2) a Technical and Financial Advisor, supporting issuers in preparing transactions in SIDS and developing coastal countries.

### Purpose

- Addressing the lack of bond finance relative to the significant financing needs in the regenerative and sustainable blue economy in all six ORRAA-identified sectors<sup>2</sup>.
- Defragmenting and streamlining investible opportunities, promoting high quality bond finance that delivers beneficial impacts for the sustainable blue economy.
- Reducing both transaction and financing costs associated with blue bond transactions, including introducing providers of concessional finance to high-quality projects and sovereign policy programmes.

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<sup>1</sup> ORRAA, Callund Consulting, Minderoo. (2023). BBI Scoping Report [Unpublished manuscript].

<sup>2</sup> Research undertaken during the feasibility study for the BBI indicates that a median investment of USD\$550billion per annum is needed in the six [ORRAA-identified regenerative and sustainable blue economy sectors](#): Ocean Conservation, Ridge to Reef, Sustainable Seafood, Sustainable Blue Infrastructure, Circular Economy and Blue Technology, and Ocean Based Renewables.

**Purpose** (*continued*)

- Increasing investor awareness of the benefits of investing in the sustainable blue economy, which will increase their willingness to make investments.
- Improving access to bonds for those issuers whose activities will bring benefits to developing countries, especially Small Island Developing States (SIDs), low-income countries (LICs) and lower middle-income countries (LMICs).
- Ensuring that financed activities and policies are impactful, while meeting social standards with stakeholder support.
- Exponential expansion of private sector and sovereign investment into the space.

**Structure:** The BBI will function as a hub-and-spoke model, combining a Centre of Excellence hub with multiple geographically dispersed 'spokes' (affiliated local organisations), initially concentrated in the Asia Pacific and Caribbean regions.

**Impact:** Increased long-term, additional capital flows, using bonds, into impactful sustainable blue economy activities, with a cumulative target of global blue bond issuance of USD\$70bn by 2030.

**Stage of Development:** [ESTABLISHMENT PHASE]

- Feasibility study completed in Q1 2024. Current focus is on laying the foundations for the design, securing funding and agreeing partnerships, before an expected formal launch at the [UN Ocean Conference](#) in mid-2025.
- ORRAA and Minderoo will continue to work with Callund Consulting to establish a team and key partners, hosted by ORRAA in the short term, before establishing a separate entity operating globally with regional hubs and partnerships.



### Support Needed

- USD\$1.5-2.3million in set-up costs in year 1.
- Annual running costs to 2030 of USD\$12.5m (~\$2.5m/year) = USD\$15million.

Financing partners could provide fees for transactions in future years and commercial income could be generated from intelligence and data.

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The [Ocean Risk and Resilience Action Alliance](https://oceanriskalliance.org) (ORRAA) is the only multi-sector collaboration connecting the international finance and insurance sectors, governments, non-profits, and stakeholders from the Global South to pioneer finance products that incentivise investment into coastal and ocean nature-based solutions. Our goal, by 2030 is to activate at least USD\$500 million of investment into this space, and in so doing, help build the resilience of at least 250 million climate vulnerable coastal people.

ORRAA is spearheading the development of the Sea Change Impact Financing Facility (SCIFF), an open ocean financing architecture designed to drive at least US\$1 billion of private investment into coastal and ocean ecosystems by 2030, with a focus on the Global South. The SCIFF is building an ocean financing ecosystem to complement ORRAA's development of an investible project and product pipeline and will integrate sustainable blue finance into broader climate and biodiversity finance ecosystems.

ORRAA is working together with its members on a blue finance delivery roadmap between now and 2025, developing financing instruments, bridging policy frameworks, building financial literacy, and developing pathways and scalable tools to unlock financing for coastal and ocean resilience and regeneration.

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## Investing in coastal communities and the Ocean

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