



Financing Resilient Atolls: Strategies & Tools for Success

Presentation by D. Michael Adams
ADB Resilient Atolls, High Level Dialogue
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Ocean Assets: Our Work



**Blue Economy
Investment Platform**

Who: Non-Profit Finance Advisors

Mission: Drive Private Capital to
Blue Economy & Resilience

3 Ocean Finance Directories:



**Pacific Ocean
Finance Program**

INVESTING:
Investors & Funds

**Climate
INITIATIVE
Bonds**

**Green Bonds:
Marine Assets**

GIVING:
Donors & NGOs

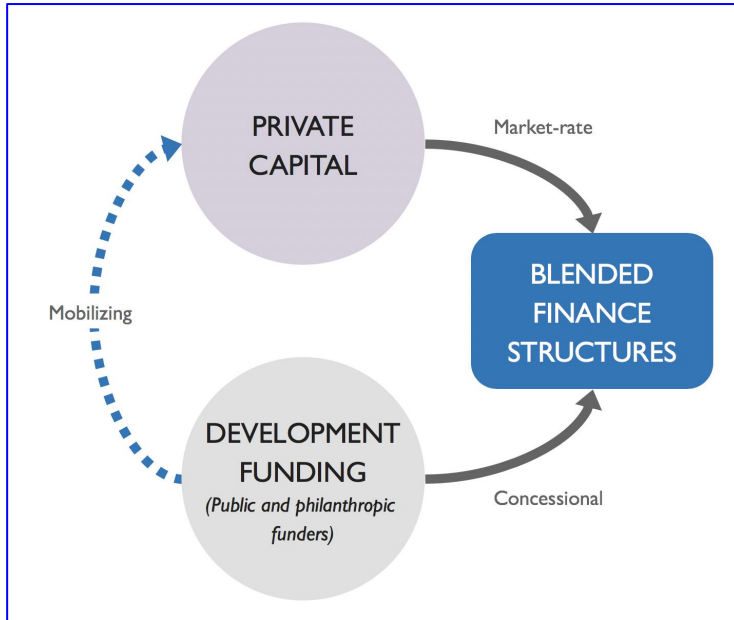
RESEARCH:
Reports, Networks

**14 LIFE
BELOW WATER**



**Blue Advice:
Private Investors**

Your Funding Solution: Impact Investment



- **\$500bn** Impact Investments
 - **1300** investors worldwide
 - Green Bond market: \$200bn
- High demand = Supplier Power***

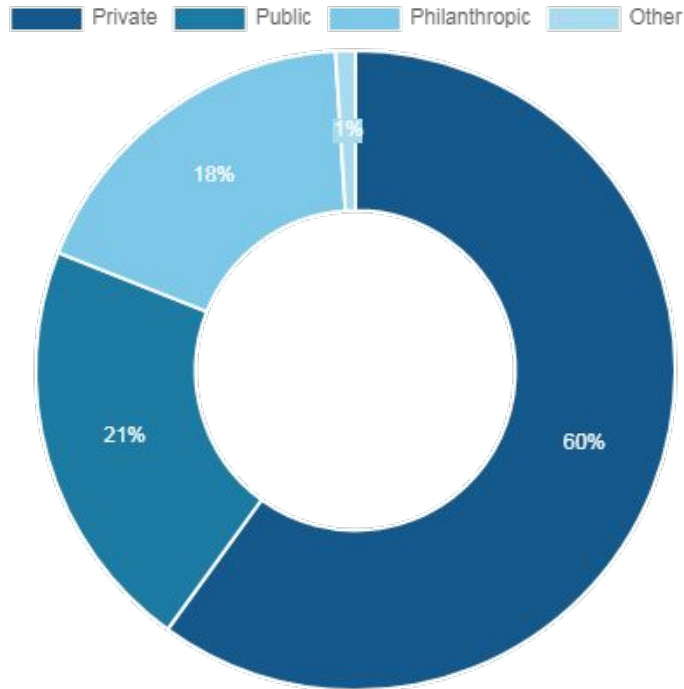
Definition:

- **ESG Returns:** Enviro, Social & Governance goals / audits
- **Financial returns:** Above or Below Market Returns
- **Alignment:** SDGs & Best local interests

Blended Finance: Over \$133bn for 480 transactions since 2000

Source: Convergence.Finance

Who Are Impact Investors?



60% of investors are private

- *Half of these have an impact mandate*

Most private investors are:

- Asset & Wealth Managers
- Private Equity Managers

Most public investors are:

- Development Finance Institutions
- Governments
- Multilateral Groups

Philanthropies: Private Foundations dominate

Source: Convergence.Finance

Why Impact Investors ❤️ Atolls & SIDS!



Opportunity

- ★ Real Assets
- ★ Under-Valuation
- ★ Massive Size
- ★ Diverse Sectors
- ★ Market Demand
- ★ Regional Initiatives
- ★ Blue Demand:
Diversify vs Land



Risk Control

- Good Governance
- Spatial Planning
- All Stakeholders
- Secure Tenure
- Insurance Coverage
- Long-Term Planning
- Blended Finance


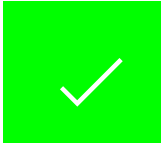

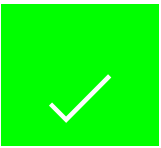


Value

- ◆ Financial Upside
- ◆ Limited Downside
- ◆ Valuation Surprise
- ◆ Impact Mandates
- ◆ Long-term value
- ◆ Blue First-Movers
- ◆ Scale-Ability:
> \$100mn

What do Impact Investors Want?

The Checklist

Issuer Quality		<ul style="list-style-type: none">• Credit Rating• Public vs Private• Governance: Projects & Vehicle
Project Quality		<ul style="list-style-type: none">• Cash Flows: Direct?• Impact Metrics & Tech Support• End Game: Assets, Investors
Structure		<ul style="list-style-type: none">• Issue size: Institutional needs• Debt, Equity & Results-based• Tenor, Tranches, Liquidity
Risk Control		<ul style="list-style-type: none">• Blended Finance tools• Insurance tools• Co-Investors

Solving the SIDS & Blue Economy Funding Gap

Risk Transfer

It's Time to Transfer Risk from:

Public Sector  Capital Markets

Finance Tools include:

- ❖ **Blended Finance** to *De-Risk* Investments
- ❖ **All:** Bonds, Project Finance, Loans, Equity
- ❖ **Project Selection** for Sustainable Oceans
- ❖ **Infrastructure** for Climate Realities
- ❖ **Understanding** what Private Investors need

Private Capital Solution

- ❖ **SDG Funding Gap** in Developing Countries:
\$2.5TR from Private Investors = **90% of total**
- ❖ **Global Resilience Insurance Gap:**
Insured vs Economic Losses > **\$1.8TR / year**
Developing nations coverage: **Only 10%**
- ❖ **Insurance Tools** include:
Regional Risk Pools, Nature-based Insurance, CAT Insurance/Bonds, Resilience projects funded by premium savings

Scoring Ocean Revenues / Ocean Health: Guide for Atoll & SIDS Investments

High Ocean Economy Exposure

& High Negative Contribution:

- Oil & Gas
- Seabed Mining
- Unsustainable land development
- Brown Shipping

High Ocean Economy Exposure

& High Positive Contribution:

- Sustainable Fishing & Aquaculture
- Green Ports & Green shipping
- Blue Natural Capital & Resilience
- Sustainable Tourism & Green Buildings

Low Ocean Economy Exposure

& Low Negative Contribution

- Social Infra: Health, Education
- Sustainable local food production

Low Ocean Economy Exposure

& High Positive Contribution

- 100% Renewable Energy
- Sustainable Waste & Water Mgt
- Coastal/Island Green Infrastructure
- Financial & Data Services

The Matching Game

Challenges	Projects	Instruments	Investors
Enabling Conditions by Industry	Tourism, Fishing, Biotech, Energy, Maritime, Extractives, Digital, Services	Private issuers: bonds loans, equity, project finance - with risk mitigation	Impact investors for market returns
Infrastructure Growth & Adaptation	Water, Sanitation, Telecomms, Health, Transport, Housing	Public-Private issuers with risk mitigation & technical assistance	Sovereigns + MDBs to attract private investors
Climate Resilience: Relief/Reconstruct	Sea Barriers, Storm Preparation, Health, Land Reclamation	Public issuers plus insurance products	Same as above plus insurers + donors
Natural Capital Valuation & Mgt	Restoration, Prevention, Ecosystem Services	Same as above	Same as above

Investment Vehicles: Pros & Cons

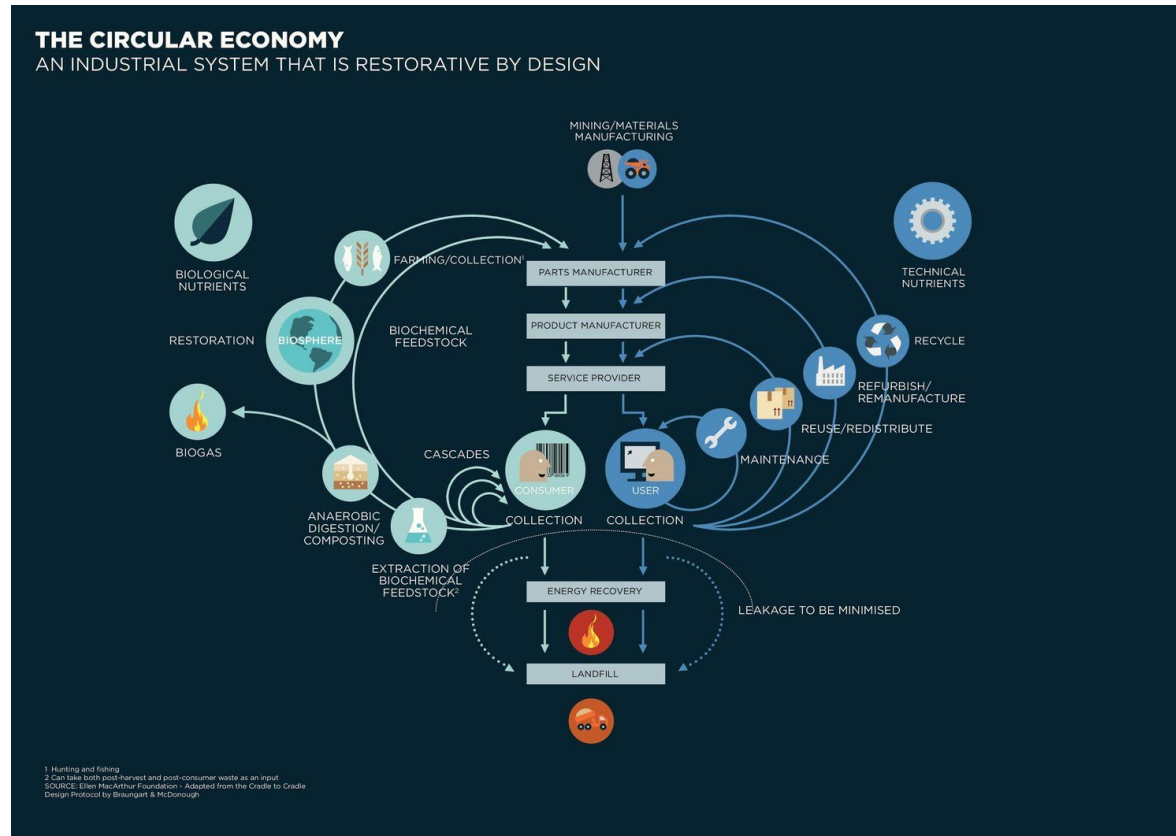
1	Sovereign Bond & DfN Swap	Sov: New capital, new investors. DfN: Debt savings, local control, no new debt, focus on conserv.	Sov: Too small & need cap guarantees DfN: Loss of general finance & need donors/TA. Both: Cost/time, No scale
2	MDB & Privately issued Green Bond	MDB: Quality, rate, guarantee. Private: Industry/community Both: Direct cash flows & KPIs	MDB: Limited resources - funds & mgt Private: Guarantees often needed Both: Project risk. Setup cost/time.
3	Project Finance & Syndicated Loan	PF: Non-recourse infra finance. SL: Bigger scale with bank group Both: Lower setup cost & time	PF: Rev-generating projects only SL: Higher rate than bond Both: Strict controls. Limited funding.
4	CAT Insurance & Natural Cap insurance	CAT: Fast payment if parametric NC: Prevention/restoration trust funded by business & donors	CAT: Premiums. No prevention finance NC: Industry commitment & donor roles needed. Trust setup time/cost
5	Resilience Bond / Insurance & Region Risk Pool	RBI: Fund prevention projects from CAT premium savings RRP: Shared risks & premiums	RBI: Fantasy? Valuation models, insurers & investors not ready. RRP: Limits of MDB & donor support

Failure = Linear

New Imperative:

Success = Circular

Transition Now to Circular Economy





**See Appendix for fact sheets:
3 model bonds relevant to Atolls**

Our expert team is available to help
Advise, structure & raise capital
For sustainable Atolls & SIDS

Thank you

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