IFC International Finance Corporation WORLD BANK GROUP

IN COLLABORATION WITH:

AXA Climate · Climate Bonds Initiative · DTU · Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping · NIRAS · Ørsted · Rabobank · T.RowePrice

Guidelines for Blue Finance Version 2.0

Guidance for financing the Blue Economy, building on the Green Bond Principles and the Green Loan Principles

September 2025

About IFC

IFC — a member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2025, IFC committed a record $71 billion to private companies and financial institutions in developing countries, leveraging private sector solutions and mobilizing private capital to create a world free of poverty on a livable planet. For more information, visit www.ifc.org.

Photo credits:
Shutterstock: Pages 4, 13, 15, 17, 18, 19, 20
Adobe Stock: Pages 8, 23
Unsplash: Page 22, by NEOM, Page 28, by Bernd-Dittrich

Contents

Foreword

The blue economy is no longer a niche—it is central to the future of sustainable global development.

At IFC, we see oceans and waterways not just as ecosystems in need of protection, but as engines of growth, sources of jobs, and platforms for innovation. That's why this second edition of the Blue Finance Guidelines is so important. It reflects where the market is heading—toward investments that are not only sustainable but also scalable.

Since the release of our first Guidelines for Blue Finance in 2022, IFC has mobilized more than $2 billion in blue loans and bonds, supporting a growing portfolio of investments that span plastics recycling, water security, and marine conservation. We've worked with issuers and regulators in markets from Asia to the Caribbean to bring blue finance into the mainstream, and it's working. Blue-labeled transactions are increasing, investor interest is growing, and clients are turning to these Guidelines as a trusted resource.

This edition responds to this momentum. It adds clear impact indicators, integrates sustainability-linked features, and provides more case studies and tools to help both public and private actors take blue finance further, faster.

But our ambition is bigger than building better tools. It's about unlocking the potential of entire economies. From aquaculture to waste management, coastal tourism to marine biotechnology, the blue economy touches sectors that matter deeply to emerging markets. Sectors that create jobs, attract investment, and strengthen resilience. We know that progress takes partnership. The success of our first Guidelines for Blue Finance showed us what's possible when public and private actors move in step. This second edition builds on that progress, just as demand for blue finance is accelerating globally.

To deliver on the promise of the blue economy, we'll need more than capital — we need confidence. These Guidelines move us closer to shared definitions that can strengthen trust across the market. They help answer key questions investors are asking, including: What business activities could be considered eligible for blue financing? What are examples of impact indicators with a focus on blue? Because the blue economy is about opportunity, security, and growth for people, for markets, and for the planet.

Mohamed Gouled
Vice President of Industries, IFC

Acknowledgments

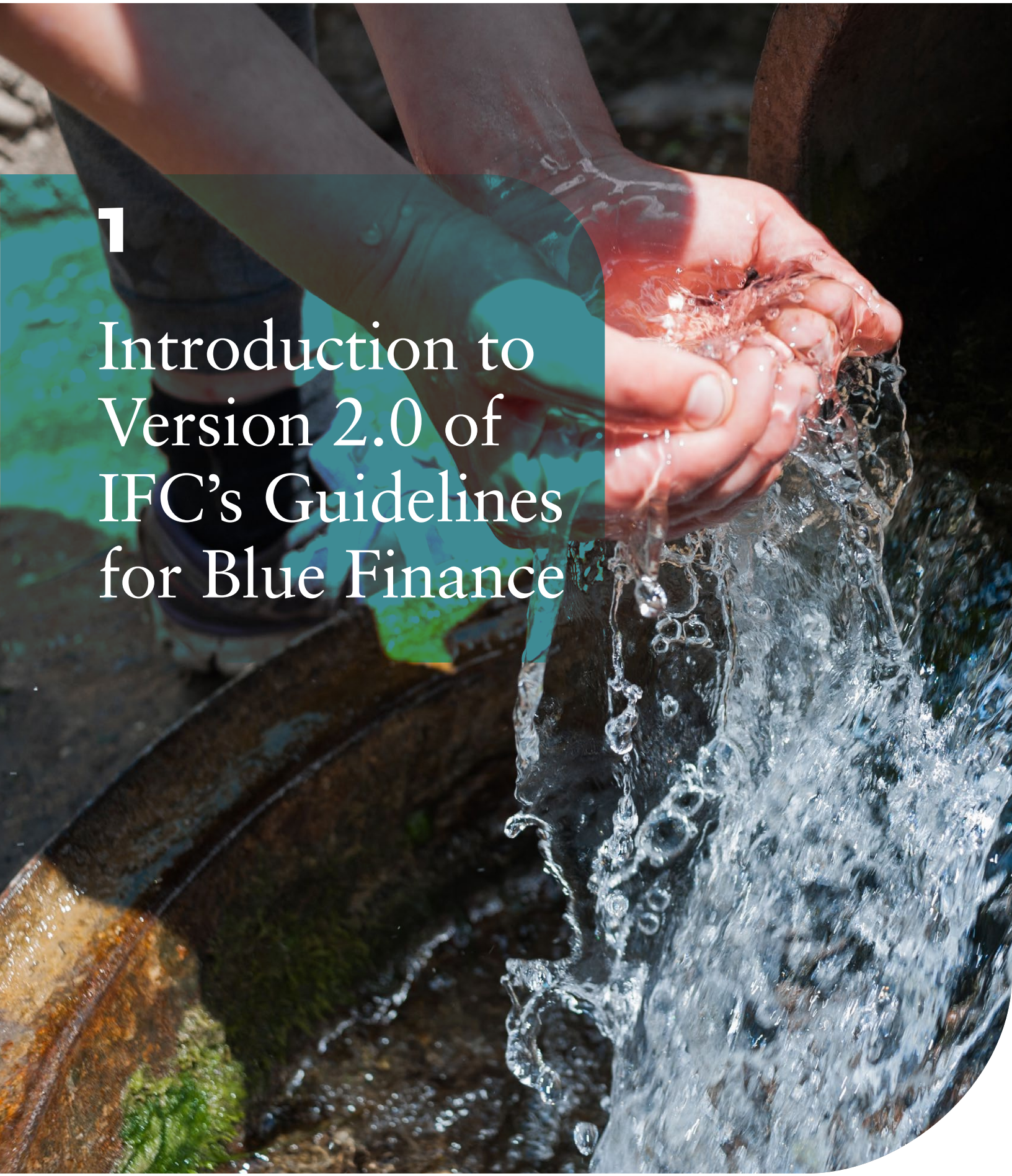
This second edition of IFC's Guidelines for Blue Finance was developed by IFC's Blue Finance Team in partnership with the AXA Climate, Climate Bonds Initiative, Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping, Ørsted, Rabobank, T. Rowe Price and the Technical University of Denmark, National Institute of Aquatic Resources..

The IFC Blue Finance Team includes Dr. Pushkala Ratan (Project Lead), Kaushi Liyanage, Francisco Avendaño, Hongze Guo, and José Gamito Pires.

The Team appreciates the valuable feedback provided by the following World Bank Group staff: Alok K Singh, Gregory Koffi Kpegli, Marine Tabary, Nina Zegger, Oxana Meggle, Piotr A. Mazurkiewicz, and Tao Wang.

This edition incorporates inputs and feedback from Ariane Kaploun, Derek Wu, Rhea Kochar (AXA Climate), Sean Kidney (Climate Bonds Initiative), Simone Utermarck (ICMA), Theodore Talbot (Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping), Cat Hemmingsen, Michael Edward Malewicz (Ørsted), Margot d'Ancona-Roesink (Rabobank), Tongai Kunorubwe (T. Rowe Price), and Dr. Mary Wisz (Technical University of Denmark, National Institute of Aquatic Resources).

IFC's Guidelines for Blue Finance V2.0 were independently reviewed by Andreas Brogaard Buhl from NIRAS A/S, a specialized ocean science and engineering think-tank based in Denmark, who has extensive expertise and experience in blue activities and sectors.



1

Introduction to Version 2.0 of IFC's Guidelines for Blue Finance

1

Introduction to Version 2.0 of IFC's Guidelines for Blue Finance

Blue finance is playing a pivotal role in ensuring the regeneration, protection, and sustainable use of oceans and water resources.

With increased interest from investors, financial institutions, policy makers, and issuers globally, the blue finance market has gained significant traction in recent years, driven by the growing recognition of the importance of sustainable ocean economies and freshwater resources. If historical trends continue, the global ocean economy's gross value added (GVA) could double in size, growing from around $2.6 trillion in 2020 to $5.1 trillion in 2050.[1] While still in its infancy, the market is beginning to thrive with increasing investments and innovative financing instruments directed towards the blue economy.

1 OECD. (2025). The Ocean Economy to 2050. OECD Publishing, Paris. https://doi.org/10.1787/a9096fb1-en.

IFC's first Guidelines for Blue Finance were launched in 2022, building on the Green Bond Principles (GBP) and the Green Loan Principles (GLP) administered by the International Capital Markets Association (ICMA) and the Loan Market Association (LMA), respectively. The Guidelines for Blue Finance Version 1.0 provided a list of eligible uses of proceeds to support investments contributing to "Ensuring the availability and sustainable management of water and sanitation for all," and/or "Conserving and sustainably using the oceans, seas and marine resources for sustainable development." The activities are fully in line with the Green Bond Principles and the Green Loan Principles. Beyond guiding IFC's investments, the Guidelines were adopted by market stakeholders, including:

- The Philippines Securities and Exchange Commission (SEC), which became the first regulator to issue blue finance guidelines
- The Central American Bank for Economic Integration (CABEI)
- The Central Bank of Sri Lanka
- The Jamaican Stock Exchange
- BNP Paribas
- Saur, which was the first European Water Utility to issue a blue bond
- DP World, which issued the first blue bond in the Middle East region
- Ørsted, which was the first energy company to issue blue bonds.

The Practitioner's Guide on Bonds to Finance the Sustainable Blue Economy (2023),[2] developed by IFC, ICMA, the United Nations Environment Programme Finance Initiative (UNEP FI), the Asian Development Bank (ADB), and UN Global Compact, is a voluntary guidance document that builds on existing global market standards and provides a general overview on globally accepted blue finance definitions and eligibility criteria, adding confidence for issuers, investors, and underwriters involved in blue finance. The Practitioner's Guide was developed with the intention of providing guidance rather than being viewed as a standard. The main difference between the Practitioner's Guide and the Guidelines for Blue Finance is the scope of their coverage. While the IFC Guidelines for Blue Finance apply to both freshwater and ocean-related projects and support Sustainable Development Goal (SDG) 6 – Clean Water and Sanitation and SDG 14 – Life Below Water, the Practitioner's Guide focuses exclusively on ocean-related projects that support SDG 14 – Life Below Water.

This second edition of IFC's Guidelines for Blue Finance is designed to help financial institutions and market stakeholders identify, structure, and scale investments that contribute to the sustainable use of water and ocean resources.

2 ADB, ICMA, IFC, UNEP FI & UN Global Compact. (2023). Bonds to Finance the Sustainable Blue Economy – A Practitioner's Guide. https://www.icmagroup.org/assets/documents/Sustainable-finance/Bonds-to-Finance-the-Sustainable-Blue-Economy-a-Practitioners-Guide-September-2023.pdf

This edition offers:

- An updated eligibility framework for blue finance activities, including expanded sector coverage across water security, plastics recycling, shipping, aquaculture, marine conservation, and more.
- Provides practical guidance on designing blue bonds, loans, and sustainability-linked instruments, along with sample blue key performance indicators (KPIs) to support performance tracking.
- Impact indicators to support transparency and reporting across blue investments.
- Case studies to help both public and private sector actors apply the Guidelines in real-world settings.
- Alignment with international standards, including the Green Bond Principles and the Green Loan Principles as well as the Sustainability-Linked Bond and Loan Principles.

Whether you are a first-time issuer, a seasoned investor, or a policymaker designing market frameworks, this document offers clear direction grounded in real market experience. These Guidelines are meant to be a practical tool to help launch, evaluate, or expand your blue finance activities. They also serve as a tool for aligning private investment with the SDGs, in particular SDG 6 (Clean Water and Sanitation) and SDG 14 (Life Below Water).

As the blue finance market expands, IFC will continue engaging with partners to refine these Guidelines over time and ensure they remain consistent with international best practices. This second edition reflects the progress made to date and is a step toward unlocking the next wave of opportunity in the sustainable blue economy.

2

Blue Guidance Framework

2

Blue Guidance Framework

The Blue Guidance Framework helps to identify blue eligible activities and businesses through the application of the following criteria:

1. Does the activity or business make a substantial contribution to the regeneration, protection, or sustainable use of marine and/or freshwater resources, aligned with the objectives of SDGs 6 and/or 14, beyond compliance with applicable laws and regulations?
2. Does the activity or business introduce risk[3] that may affect progress on other social and environmental aspects, including the objectives of the Paris Agreement?[4]
3. Are environmental and social (E&S) safeguards and standards, such as the IFC Performance Standards,[5] applied to anticipate and avoid (if avoidance is not possible, then to minimize), compensate or offset E&S risks and potential impacts associated with implementing the activity or conducting business?

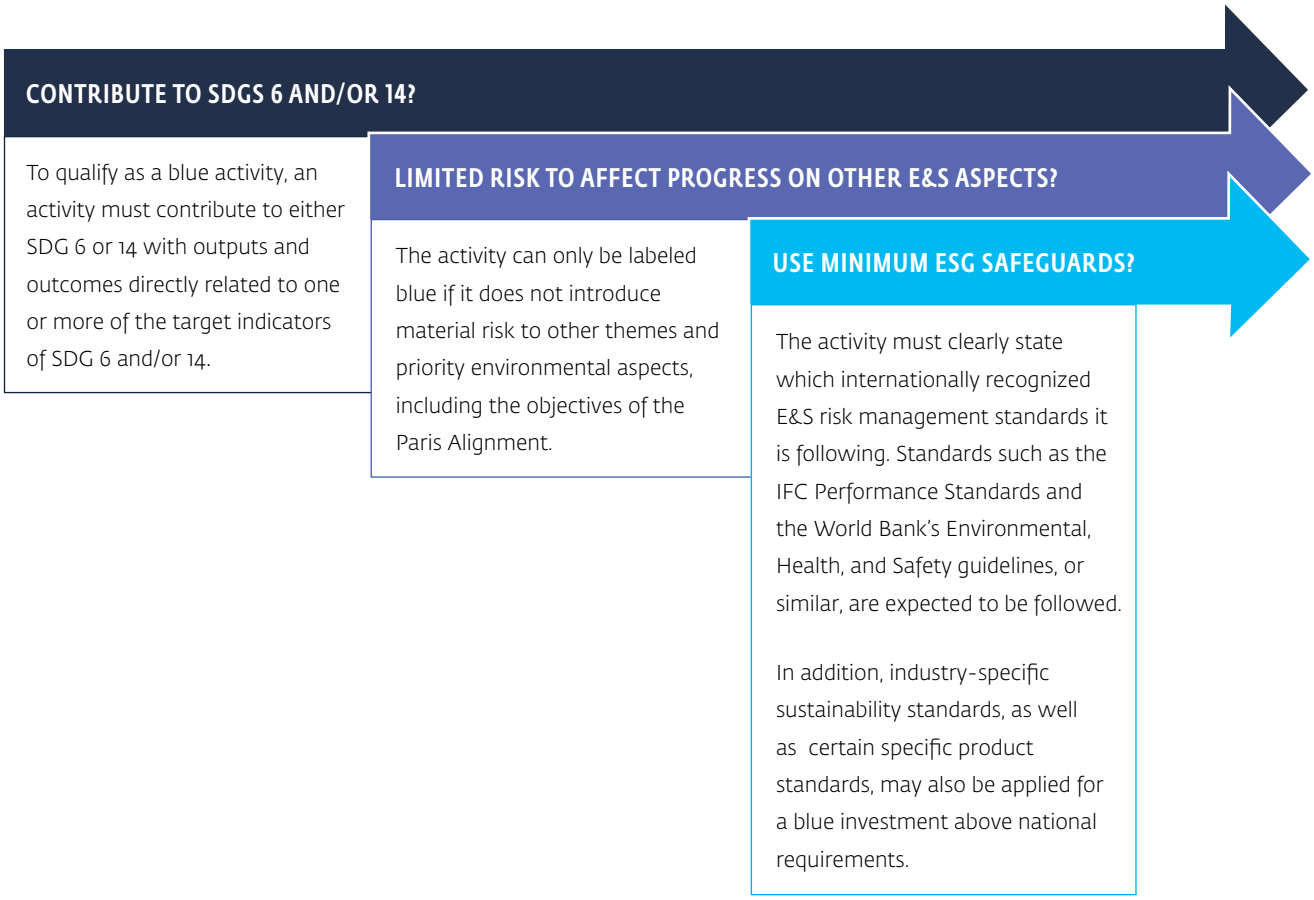
3 UNEP FI. (June 2021). Recommended Exclusions for Financing a Sustainable Blue Economy. https://www.unepfi.org/publications/turning-the-tide-recommended-exclusions/

4 Public documents, such as the Joint MDB Methodological Principles for Assessment of Paris Agreement Alignment, may also help to assess if activities are considered aligned with the objectives of the Paris Agreement.

5 IFC. "IFC's Performance Standards on Environmental and Social Sustainability." https://www.ifc.org/en/insights-reports/2012/ifc-performance-standards

Figure 1

Identifying blue eligible activities through the Blue Guidance Framework



A Themed Guidance within Green and Sustainable Finance

Blue finance is a thematic subcategory of green and sustainable finance. These Guidelines are intended to support issuers and borrowers in developing both use-of-proceeds and general-purpose financial instruments with a blue focus. It can also help companies define or structure their business models and develop programs to incorporate blue elements. Blue financial instruments have an objective to emphasize the importance of the sustainable use of maritime resources and promote related sustainable economic activities.[6]

To label a financial instrument as a blue bond, a blue loan, a sustainability-linked bond (with a blue focus), or a sustainability-linked loan (with a blue focus), the instrument must comply with the core components and requirements of the overarching principles and recommendations of the Green Bond Principles,[7] the Green Loan Principles,[8] the Sustainability-Linked Bond Principles (SLBPs),[9] and/or the Sustainability-Linked Loan Principles (SLLPs),[10] respectively. In addition, it must align with the Blue Guidance Framework outlined in this document, which serves as a transparent way to avoid green or blue washing and could help safeguard against reputational risk.

In the case of use-of-proceeds instruments, such as blue bonds and blue loans, the four core components of the GBPs and the GLPs – use of proceeds, process for project evaluation and selection, management of proceeds, and reporting – must be adopted, along with Green Finance Frameworks and External Reviews.[11]

In the case of sustainability-linked finance (SLF) instruments, such as sustainability-linked bonds or loans with a blue focus, the five core components of the SLBPs and the SLLPs – selection of KPIs, calibration of sustainability performance targets (SPTs), bond/loan characteristics, reporting, and verification – must be adopted, along with Sustainability-Linked Finance Frameworks and External Reviews.

Refer to Annex 2 for an illustration of how a blue focus can be adopted through the use-of-proceeds and sustainability-linked instruments.

6 ICMA. (September 2023). Bonds to Finance the Sustainable Blue Economy. A Practitioner's Guide. https://www.icmagroup.org/assets/documents/Sustainable-finance/Bonds-to-Finance-the-Sustainable-Blue-Economy-a-Practitioners-Guide-September-2023.pdf

7 Green bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or refinance, in part or in full, new and/or existing eligible green projects and are aligned with the four core components of the Green Bond Principles. https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles-June-2022-060623.pdf

8 Green loans are any type of loan instruments and/or contingent facilities where the proceeds or an equivalent amount shall be exclusively applied to finance, refinance, or guarantee, in whole or in part, new and/or existing eligible Green Projects and which are aligned to the four core components of the GLP. https://www.lma.eu.com/application/files/1917/4298/0817/Green_Loan_Principles_-_26_March_2025.pdf

9 Sustainability-linked bonds (SLBs) are any type of bond instrument for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined sustainability/ESG objectives. In that sense, issuers are thereby committing explicitly (including in the bond documentation) to future improvements in sustainability outcome(s) within a predefined timeline. SLBs are a forward-looking, performance-based instrument. https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/Sustainability-Linked-Bond-Principles-June-2024.pdf

10 Sustainability-linked loans (SLLs) are any type of loan instrument and/or contingent facility for which the financial and/or structural characteristics can vary depending on whether the borrower achieves ambitious, material, and quantifiable predetermined sustainability performance objectives. In that sense, borrowers are committing explicitly (including in loan documentation) to achieving future improvements in sustainability performance within a predefined timeline. https://www.lma.eu.com/application/files/2317/4481/8026/Sustainability-Linked_Loan_Principles_-_26_March_2025_.pdf

11 Green Finance Frameworks and External Reviews are key recommendations of the Green Bond Principles and the Green Loan Principles.

Building on the Green Bond Principles and the Green Loan Principles

Building on the Green Bond Principles and the Green Loan Principles, financing the blue economy involves eligible activities that address sustainable water management and ocean protection. Within the broad categories of eligibility under the Green Bond Principles and the Green Loan Principles, these Guidelines for Blue Finance map blue economy areas that are fully aligned with the GBPs or GLPs and indicate how they relate to each of the Principles' categories.

Table 1 maps eligible blue activities to the relevant categories of the Green Bond Principles and the Green Loan Principles.

Annex 1 includes a more detailed mapping of blue eligible activities and how they relate to the Green Bond Principles and the Green Loan Principles. These Guidelines may be updated periodically to remain consistent with the Green Bond Principles and the Green Loan Principles as they evolve and may be used for the initial identification of blue assets and activities.

Table 1

Indicative mapping of blue activities to the green categories under the Green Bond Principles and the Green Loan Principles[12]

GBP/GLP CATEGORIES BLUE FINANCE ACTIVITY	POLLUTION PREVENTION AND CONTROL	NATURAL RESOURCE CONSERVATION	BIODIVERSITY CONSERVATION	CLIMATE CHANGE MITIGATION[13]	CLIMATE CHANGE ADAPTATION
Sustainable water and wastewater management	●	●	●	●	●
Ocean-friendly products, marine biotechnology and chemicals (including circular economy adapted products)	●		●	●	
Transport and shipping	●		●	●	●
Fisheries and aquaculture	●	●	●		●
Habitat restoration and protection of coastal, marine, and watershed environments		●	●		●
Tourism and recreation		●	●		

12 Mapping of blue activities to the Green Bond Principles – environment objectives. To access green project mapping, refer to: https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Project-Mapping-June-2021-100621.pdf

13 Although the GBPs and GLPs do not specifically mention mitigation as a category, it is an integral part of many eligible green activities.

3

Blue Eligible Activities

3

Blue Eligible Activities

To be eligible as blue finance, activities must contribute substantially to sustainable water management and/or freshwater or ocean protection,[14] deliver measurable outcomes, and be aligned with the Blue Guidance Framework.

Eligible activities include the financing and refinancing of research, design, manufacturing, developing, and implementing initiatives across multiple blue economic sectors such as sustainable water and wastewater management, marine biotechnology and chemicals, transport and shipping, fisheries and aquaculture, habitat restoration and protection, and tourism and recreation. Changes to the categories from Version 1.0 of IFC's Blue Finance Guidelines are in Annex 1. While blue projects and activities are typically financed through use-of-proceeds instruments such as blue bonds or blue loans, issuers and borrowers can also highlight their blue strategy or business model through general-purpose instruments such as sustainability-linked loans and sustainability-linked bonds.

The following list offers a set of eligible blue sectoral sustainable development activities. To be aligned with IFC's Blue Finance Guidelines, activities should align with the Blue Guidance Framework and eligibility criteria outlined below.

14 Blue eligible activities can also have social co-benefits, including poverty reduction and economic empowerment.

A Sustainable water and wastewater management[15]

1. Water extraction activities that are conducted based on a comprehensive assessment of freshwater availability and that ensure a balance between discharge and recharge, thereby preventing overextraction of water.
2. Water efficiency technologies, equipment, and water management activities that reduce water footprint,[16] including but not limited to, systems and technologies (for example, drip irrigation, rainwater retention and utilization, water recycling solutions, sensors, smart water metering, and agroecological techniques for water conservation).
3. Drainage systems, flood management systems, and other adaptation and resilience infrastructure that prevent plastics, chemicals, or pollutants from reaching water runoff in areas close to a water body.
4. New, expansion, rehabilitation, or retrofitting of sustainable[17] water supply (for example, abstraction and treatment) infrastructure that would allow a significant[18] reduction of the volume of water abstracted to satisfy a defined demand.

15 To avoid misinterpretation of the intent of listed activities and reinforce the linkage between activities and SDGs, activities have been adjusted to follow the order of water resource management and protection (A1-A3), water supply and distribution (A4-A6), and wastewater management (A7-A8).

16 Efficiency can be illustrated by showing at least 10 percent reductions per unit of service from a documented baseline in land-based aquaculture, agriculture, and irrigation, and residential, commercial, and industrial uses.

17 Sustainable water supply means reliable and resilient methods to supply water without exhausting water resources.

18 The reduction should be characterized as representing an increase in the efficiency of the water supply system of a minimum of 10 percent (the indicator should be expressed as a per unit of service and directly related to the activity output, such as m^3 per kg of steel produced).

5. Sustainable desalination plants that do not create carbon lock-in[19] and are not high emitters,[20] apply efficient and low-impact technologies, such as a membrane-based system, to help protect groundwater depletion and wetlands, promote reduction of abstraction from non-sustainable water sources, and avoid hypersaline pollution of the environment (including ISO standard 23446).
6. Development, replacement, and/or rehabilitation of water conveyance and distribution systems (for example, pipeline and network) that document at least a 10 percent reduction in physical losses compared to a documented baseline.[21]
7. Wastewater treatment plants and wastewater collection systems, including municipal, industrial, agri-business, commercial, and/or residential.
8. Wastewater reuse projects that demonstrate reduction of water abstraction or contamination of water bodies.

19 Carbon lock-in occurs when, due to technical, economic, or institutional factors associated with a given investment, an emissions-intensive asset is expected to continue to operate even after there are feasible—and economically preferable—lower-carbon options that could replace it. World Bank Group. "The World Bank Group and Paris Alignment". https://www.worldbank.org/en/publication/paris-alignment/joint-mdb-paris-alignment-approach

20 Desalination plants that are powered by highly emissive energy sources (such as coal- or peat-fired power plants), inconsistent with countries' low-GHG development pathways or incompatible with the mitigation goals of the Paris Agreement. World Bank. (2023). Joint MDB Methodological Principles for Assessment of Paris Agreement Alignment of New operations: Direct Investment Lending Operations. http://documents.worldbank.org/curated/en/099146306162392732

21 Physical losses (real losses) refer to the portion of the Non-revenue Water (NRW) that results from leakages, pipe burst, and storage overflows within the supply network. Unlike commercial losses, physical losses represent water that is physically lost and cannot be recovered. The indicators to be used to document the physical losses reduction should be directly linked to the output of the activity, for instance, "m3 of losses per system input volumes" and/or "liters per connection per day". Examples of document baselines include a percentage in volumes (losses volume/system input volumes), or a percentage in volume per connection per day.

B Ocean-friendly products, marine biotechnology and chemicals (including circular economy adapted products)

1. The sustainable collection of excess natural organic (plant) or aquatic and marine origin material (such as Sargassum seaweed) and conversion to new sustainable products or substances with alternative use and value without disrupting local ecosystems.
2. Household products that are made from sustainable raw materials and that can replace existing harmful products or reduce nitrogen and phosphorus loads in the aquatic environment.[22]
3. At least a 20 percent reduction[23] per unit of product or replacement of phosphate-based or nitrogen-based synthetic fertilizers with sustainable alternatives and biodegradable fertilizers and supplements,[24] in areas connected to rivers or coastal water basins.[25]
4. Alternative low carbon and biodegradable fibers (such as Lyocell) substituting for fossil-based fibers (for example, polyester) in the value chains of the medical, apparel, and other industries.
5. Biodegradable plant-based plastics and packaging, or compostable plastics and packaging, in locations where compostable facilities are readily available.
6. Use of recycled or reused plastics for manufacturing in a circular economy approach in areas connected to rivers or coastal water basins.
7. Plastics collection and recycling facilities, substitution of plastic packaging with sustainable and biodegradable materials, and reusing or repurposing of plastics in areas close to a water body.

22 These include but are not limited to biodegradable and phosphate-free detergents, cleansers, bars, shampoos, (such as enzyme-based products), and personal care products (such as microbead-free toothpaste) and cosmetics without plastic packaging.

23 In the case of a well-developed market or a mature entity already utilizing state-of-the-art products, the entity should demonstrate how the product meets such criteria, instead of illustrating a 20 percent reduction.

24 The runoff of fertilizers into oceans cause eutrophication, which is the enrichment of nutrients in an ecosystem. Excessive amounts of nutrients encourage the growth of algae and other aquatic plants, which in turns leads to many negative effects, such as extensive growth of algae (algae blooms) and oxygen depletion in the sea.

25 Areas close to a water body refer to areas that border the coastline or areas that have at least 50 percent of their surface within 50 kilometers of a coastline, or that have or are within 50 kilometers of rivers and lakes into which all nearby surface run-off flows.

C Transport and shipping

1. Electric vessels, wind-powered vessels, and other vessels[26] using low-emission hydrogen-based fuels[27] (including fuel cell vessels), associated enabling infrastructure such as charging infrastructure (including both renewable electric shore power and/or renewable offshore charging points) and storage and bunkering infrastructure for low-emission hydrogen-based fuels.
2. Technology-based tracking, monitoring, mapping, and analytical tools and/or alternate routing practices to protect life under the water (for example, avoiding collision with large mammals).
3. Ballast water treatment in vessels to comply with the International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM Convention) to avoid the spread of invasive alien species[28] (including ISO standard 11711).
4. Non-chemical water treatment equipment and facilities (such as membrane bioreactors and UV radiation) for all blackwater and greywater generated from ports and vessels.
5. Bilge water treatment systems and equipment in shipping vessels.
6. Maritime noise pollution reduction technology, measurement, and equipment in shipping vessels[29]
7. Vessel recycling[30] and/or repurposing.
8. Systems, technology, and measurement that facilitate the improvement of oil (fuel) spill prevention, risks safeguard, and recovery facilities.
9. Solid waste and other waste receiver facilities at ports and terminals for the collection and treatment of garbage and waste.

---

26 Vessels and infrastructure must have sufficient leakage detection and risk management measurement.

27 For example, green ammonia and green methanol, derived from renewable energy sources.

28 While ballast water is essential for safe and efficient modern shipping operations, it may pose serious ecological, economic, and health problems due to the multitude of marine species carried in ships' ballast water. These include bacteria, microbes, small invertebrates, eggs, cysts, and larvae of various species. The transferred species may survive to establish a reproductive population in the host environment, becoming invasive, competing with native species, and multiplying.

29 International Maritime Organization, Revised Guidelines for the Reduction of Underwater Radiated Noise from Shipping to Address Adverse Impacts on Marine Life (MEPC.1/Circ.906), MEPC.1/Circ. 906, accessed July 6, 2025, https://wwwcdn.imo.org/localresources/en/Documents/MEPC.1-Circ.906%20-%20Revised%20Guidelines%20For%20The%20Reduction%20Of%20Underwater%20Radiated%20NoiseFrom%20Shipping%20To%20Address...%20(Secretariat).pdf

30 In line with the 2009 Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships.

D Fisheries and aquaculture

1. Establishment and maintenance of no-take zones (NTZs).[31]
2. Sustainable land-based aquaculture production of high-value niche products, such as crustaceans, sea urchins, ornamental corals, and fish.
3. Sustainable cultivation of bivalves for algae and nutrient removal in eutrophic coastal waters.
4. Sustainable production of algae and other marine micro or macro-organisms to produce food, feed, pharmaceuticals, cosmetics, or other bio-based products through biotechnological applications.
5. Cold chain and storage for small and medium-sized[32] fishing in areas with sustainable fishing quotas.
6. Medium to large-scale processing and product development, with an emphasis on pelagic species, such as fish loins, sashimi-grade fish, and bycatch in jurisdictions with enforced sustainable fishing quotas.
7. Small to medium-scale biorefineries for fish processing byproducts (for example, oil, collagen, amino acid, and mineral production) in jurisdictions with enforced sustainable fishing quotas.
8. Fisheries that meet, keep, or exceed the Marine Stewardship Council certification[33] standard (MSC) or equivalent.
9. Aquaculture that meets, keeps, or exceeds the Aquaculture Stewardship Council[34] certification standard (ASC) or equivalent.

31 No-take zones (NTZs) are areas within or outside Marine Protected Areas (MPAs) where no extractive activities are taking place, therefore leaving ecosystems mostly undisturbed. https://www.wwfmmi.org/notake_zones_an_idea_whose_time_has_come/

32 Refers to the national/regional definition where applicable and available.

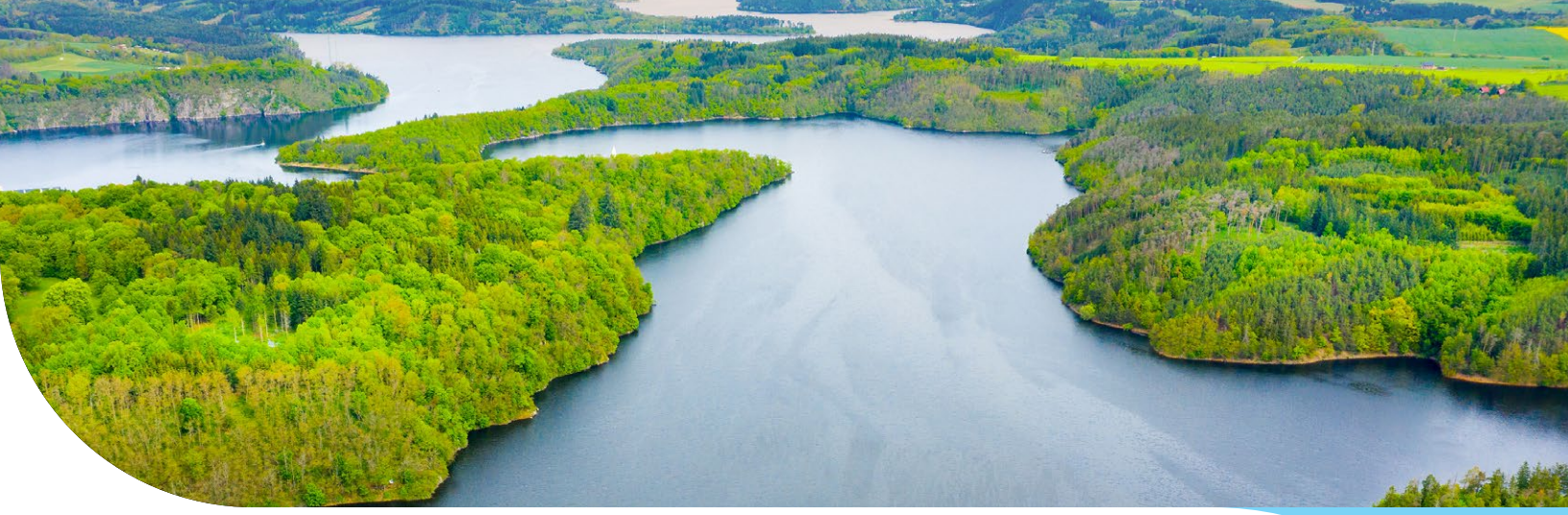
33 The blue Marine Stewardship Council label enables customers to trace products to a sustainable source. Independent surveillance audits and DNA testing prove this. The blue label is the world's most recognized and market-leading seafood certification program, endorsed by the Global Sustainable Seafood Initiative and the United Nations Food and Agriculture Organization, and promoted by the World Wildlife Fund.

34 The Aquaculture Stewardship Council assigns labels for responsibly farmed aquaculture products and is similar to the Marine Stewardship Council label.

10. Production, trade, or retail of seafood products with the blue Marine Stewardship Council label or Aquaculture Stewardship Council label.
11. Traceability systems to ensure the sustainability of operations, facilities, and supply chains in the fishing industry. This investment should meet, keep, or exceed the Marine Stewardship Council certification for the chain of custody certification for suppliers of seafood products.
12. Information systems, technology, and instruments deployed for monitoring, measuring, tracking, and reporting physical and chemical indicators of the water body to achieve sustainable fishery and aquaculture management. This could include systems with drones, autonomous sailing vessels, autonomous underwater vehicles, and ocean buoys, among other technologies.
13. Fishery Improvement Projects[35] registered with the International Seafood Sustainability Foundation.[36]

35 A Fishery Improvement Project is a multi-stakeholder effort to address environmental challenges in a fishery. It utilizes the power of the private sector, including retailers, processors, producers, and catchers, to incentivize positive changes toward sustainability in a fishery and seek to make these changes endure through policy change. The project identifies environmental issues that need to be addressed, sets priority actions, and oversees the adopted action plan.

36 For more information about the International Seafood Sustainability Foundation refer to https://www.iss-foundation.org/fishery-goals-and-resources/fishery-improvement-projects/fishery-improvement-projects/

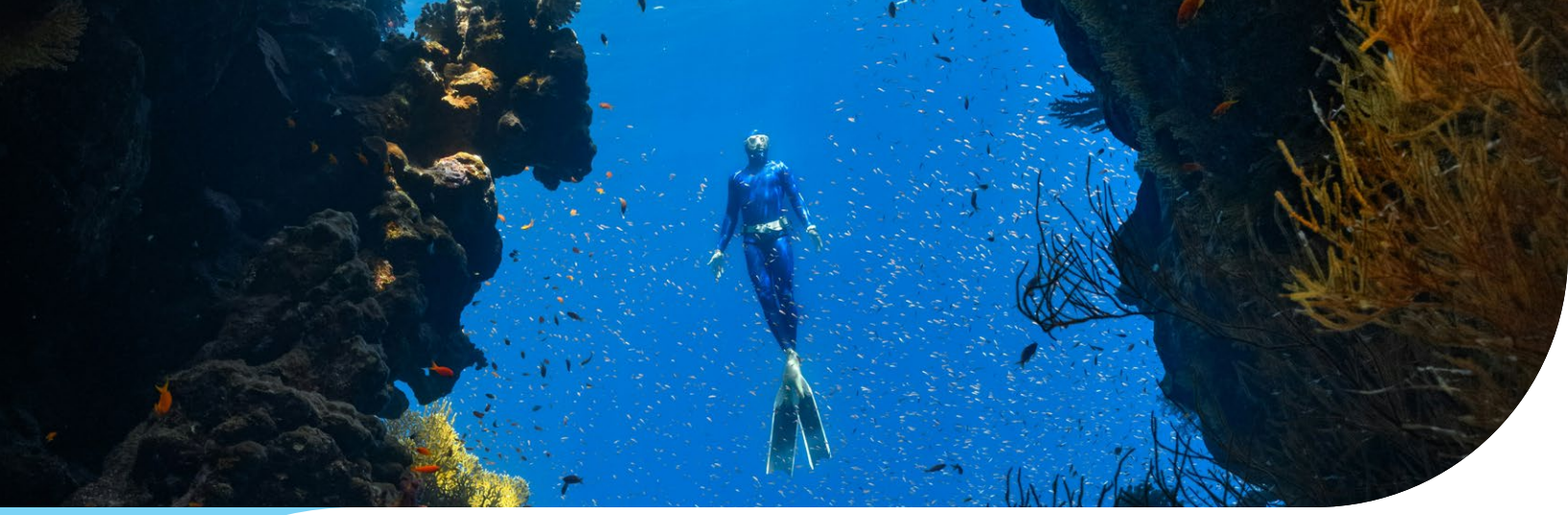


E Habitat restoration and protection of coastal, marine, and watershed environments

1. Field identification, extraction, and testing of water body and ocean organisms to expand knowledge of aquatic and marine biodiversity and the protection of these ecosystems.[37]
2. Conservation, improvement, and restoration of freshwater, marine, and coastal ecosystems, preferably using an ecosystem management approach, including supporting innovative governance structures suitable for private and public investments. These systems include, but are not limited to wetlands, coral reefs, mangroves, seagrass meadows, and tidal marshes.
3. Information systems, technology, and instruments deployed for monitoring, measuring, tracking, and reporting physical and chemical indicators of a water body to achieve water-related ecosystem restoration and disaster resilience. This could include systems with drones, autonomous sailing vessels, autonomous underwater vehicles, and ocean buoys, among other technologies.
4. New restoration techniques, such as artificial reef restoration structures using biodegradable potato starch, mangrove and seagrass planting, and coral reef restoration projects.
5. New technology, such as marine robotics,[38] to control invasive species, including but not limited to plankton, crustaceans, and mollusks.
6. Critical coastal ecosystem-based adaptation activities, including protection, restoration, and sustainable management of coastal blue carbon ecosystems.
7. Establishment, expansion, and management of Marine Protected Areas (MPAs) and Other Effective Area-Based Conservation Measures (OECMs) for coastal conservation, marine habitat protection, and restoration.

37 Under the BBNJ (Biodiversity Beyond National Jurisdiction) agreement, developed nations are obligated to share their marine knowledge and technologies with developing nations, fostering collaboration and equitable participation. The treaty also aims to ensure that benefits derived from marine discoveries are shared fairly and that the knowledge generated is openly accessible to all. United Nations. "Agreement on Marine Biological diversity of Area beyond National Jurisdiction." https://www.un.org/bbnjagreement/en

38 Marine robotics can NOT be used to support oil and gas production.



8. Systems, technology, and measurement that facilitate the identification and prevention of illegal marine wildlife/species trade (including corals).
9. Conservation, improvement, and restoration of natural hydrological and sediment flows.
10. Offshore wind energy facilities,[39] such as wind farms that do not harm marine ecosystems,[40] with additional features such as fishery sanctuaries for juveniles of certain marine species, substantial artificial reef elements, and other measures promoting marine biodiversity.[41]

F Tourism and recreation

1. Nature-based freshwater and marine visitor centers, certificates, and/or programs showcasing the environment and biodiversity, and disseminating research and knowledge about rivers, lakes, wetlands, reefs, and other aquatic ecosystems.
2. Licensed certified[42] sustainable tourism in areas close to a water body[43] and coastal regions with inclusive livelihood elements and business opportunities, such as resorts, hotels, boat operators, sailing schools, and diving centers.

39 Offshore wind farms included in the IFC's Guidelines for Blue Finance are subject to the condition that additional elements such as no-fishing zones and artificial reefs contributing to natural resource conservation and biodiversity are added through local marine spatial planning to the project design and that comprehensive Environmental Impact Assessment baseline surveys are conducted over a full year in addition to regular environmental monitoring of the area during operations. The facilities can NOT be associated with the offshore oil and gas sector due to the potential contribution to a continuous lock-in to a fossil-based economy and greenhouse gas emissions. The facilities also cannot be associated with the marine extraction of seabed minerals sector, as the associated activities could potentially be damaging to ocean and marine life.

40 Based on their extensive experience assessing environmental risk of offshore wind power projects, some technical experts recommend locating offshore wind farms at least 20 km from the coastline but this may change depending on the specific marine ecosystem.

41 Suitable sites must be informed by biodiversity sensitivity mapping and Strategic Environmental Assessment. Furthermore, no offshore wind projects should be situated in Legally Protected Areas or Internationally Recognized Areas with protected status.

42 Examples of licensed certified sustainable tourism refers to tourism with an accepted certification that includes ocean protection and water management within its audit criteria, officially licensed in accordance with the law. This includes, but it is not limited to, the Preferred-by-Nature certification and others based on the Global Sustainable Tourism Council (GSTC) Criteria for Hotels and Tour Operators.

43 Areas close to a water body refer to areas that border a coastline or areas that have at least 50 percent of their surface within 50 kilometers from the coastline, or that have or are within 50 kilometers from rivers and lakes into which all nearby surface run-off flows.

4

Indicators for Blue-related Activities

4

Indicators for Blue-related Activities

For blue-labeled financial instruments, impact indicators can be used to demonstrate the environmental and social benefits and co-benefits generated from blue eligible activities.

These indicators[44] can also be referred to as KPIs[45] if they are identified and selected as relevant and material to an issuer's or borrower's business strategy, policy, and operations. While the use and function of these indicators will vary by the type and magnitude of the activity and the financial instrument in consideration, the issuer or borrower should make reasonable efforts to gather data for use of proceeds in an allocation report and for impact reporting in accordance with the relevant impact indicators included in the ICMA Handbook for Impact Reporting and related documentation.[46] In the case of sustainability-linked instruments, the indicators should be relevant, material, ambitious, and in line with the chosen blue KPIs and SPTs, which can reflect the issuer or borrower's overall strategy and contributions.

44 The indicators in the table are for reference only and are indicative. If these indicators are intended to be used to inform KPIs in SLF instruments, their selection and use should be customized based on how they are intended to be used and by whom. These indicators, if used to inform KPIs for SLF instruments, are not intended to replace or supersede the five core components that need to be followed under the SLBPs and SLLPs.

45 Sustainability-linked bonds and loans incentivize the issuer's/borrower's achievement of material, quantitative, pre-determined, ambitious, regularly monitored and externally verified sustainability (ESG) objectives through Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs).

46 ICMA. (June 2019). The Green Bond Principles. Harmonized Framework for Impact Reporting. https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2019/Handbook-Harmonized-Framework-for-Impact-Reporting-WEB-100619.pdf

Table 2 provides a non-exhaustive list of examples of indicators related to blue eligible activities that issuers and borrowers of blue-labeled financial instruments can consider.

Table 2

Illustrative blue impact indicators (examples only)

BLUE FINANCE ACTIVITY	ILLUSTRATIVE INDICATORS	UNIT
 | **A** | Sustainable water and wastewater management	Water use reduction or water saving	% / year, m^3 / year
	Water withdrawal reduction[47]	m^3 / year
	Infrastructure capacity that meets sustainability criteria	%, m^3 / year
	Water consumption reduction or water saving per user or service	% / year, m^3 / year
	Number of people served/benefiting, new connections to the sewage system established	# / year
	Water treatment capacity per year	m^3 / year
	Length of improved infrastructure, extent of water grid	m or km
	Percentage reduction in nutrient load (Nitrogen, Phosphorus, Biological Oxygen Demand, Chemical Oxygen Demand)	%
	Percentage of wastewater reused	%
	Additional volume of water treated per year	m^3 / year

47 Applicable to desalination and water reuse projects.

BLUE FINANCE ACTIVITY	ILLUSTRATIVE INDICATORS	UNIT
 | **B** | Ocean-friendly products, marine biotechnology and chemicals	Percentage of ocean and water-friendly products against other products	%
	Production capacity that meets criteria	tons
	Weight of fossil fuel-based products replaced	tons / year
	Weight and/or volume and percentage of fertilizers/plastics replaced	tons / year; %
	Capacity for plastic recycling (weight or volume)	tons / year
	Number of people served/benefiting	# / year
 | **C** | Transport and shipping	Percentage of ballast water treatment	% / year
	Percentage of ship fleet with upgraded ballast water treatment	%
	Volume of ballast water, black water, graywater, or bilge water treated	m^3 / year
	Number of systems / facilities established	#
	Capacity of waste reception facilities	tons
	Number of collisions with large mammals avoided	# / year
	Percentage of electric vessels in the fleet	%
 | **D** | Fisheries and aquaculture	Sustainable production in weight	tons / year
	Nutrient removal in weight	tons / year
	Cold storage capacity	m^3
	Percentage of production that meets the MSC/ASC criteria	% / year
	Artisanal fishermen benefitting	# of people
	Number of traceability systems in place	# / year
	Aquatic area protected	m^2 / year

BLUE FINANCE ACTIVITY	ILLUSTRATIVE INDICATORS	UNIT
 | **E** | Habitat restoration and protection of coastal, marine, and watershed environments	Length of river or area of aquatic ecosystem conserved, improved, and/or restored	km or m^2 / year
	Artisanal fishermen benefitting	# of people
	Value of resources covered by insurance	USD / year
	Number of people served/benefiting	# / year
	Coverage of systems in percentage	% / year
	Installed capacity of an offshore wind farm with biodiversity features	MW
	Area with features promoting biodiversity	m^2
 | **F** | Tourism and recreation	Number of sustainable operators (GSTC, Green Globe)	#
	Number of jobs created in sustainable tourism operations	#
	Percentage of certified facilities	%
	Number of permitted visitors	# / year
	Number of people served/benefiting	# / year

5
External Review

5

External Review

It is strongly recommended that a Second Party Opinion confirms that the proposed blue instruments are aligned with these Guidelines, the Green Bond Principles, the Green Loan Principles, the Sustainability-Linked Bond Principles, and/or the Sustainability-Linked Loan Principles. These Guidelines can inform the process of reviewing the eligibility of the blue theme in proposed financial instruments.

Annex 1

Mapping Blue Activities under the Green Bond Principles and the Green Loan Principles

The table below is indicative and aims to compare the primary objective of a blue activity and its indicative level of impact against the environmental objectives of the Green Bond Principles and the Green Loan Principles. Being indicative, this table does not constitute eligibility criteria and is provided only as a reference. For specific projects, it may need to be complemented with additional information on the project's context and the environmental standards that apply.

Table 3

Indicative mapping to the Green Bond Principles and the Green Loans Principles

	BROAD CATEGORIES OF ELIGIBILITY				
BLUE FINANCE ACTIVITY	POLLUTION PREVENTION AND CONTROL	NATURAL RESOURCE CONSERVATION	BIODIVERSITY CONSERVATION	CLIMATE CHANGE MITIGATION[48]	CLIMATE CHANGE ADAPTATION
A. Sustainable water and wastewater management	●	●	●	●	●
1. Water extraction activities that are conducted based on a comprehensive assessment of freshwater availability and ensure a balance between discharge and recharge, thereby preventing overextraction of water.		●		●	●
2. Water efficiency technologies and equipment, and water management activities that reduce water footprint, including, but not limited to, systems and technologies (e.g., drip irrigation, rainwater retention and utilization, water recycling solutions, sensors, smart water metering, and agroecological techniques for water conservation).		●	●	●	●

Light blue: New blue activities in version 2.0 **Light yellow:** Activities from Version 1.0 that have been amended or updated

48 Although the Green Bond Principles and the Green Loan Principles do not specifically mention mitigation as a category, it is an integral part of many eligible green activities.

ANNEX 1

	BROAD CATEGORIES OF ELIGIBILITY				
BLUE FINANCE ACTIVITY	**POLLUTION PREVENTION AND CONTROL**	**NATURAL RESOURCE CONSERVATION**	**BIODIVERSITY CONSERVATION**	**CLIMATE CHANGE MITIGATION[48]**	**CLIMATE CHANGE ADAPTATION**
3. Drainage systems, flood management systems, and other adaptation and resilience infrastructure that prevent plastics, chemicals, or pollutants from reaching water runoff in areas close to a water body.	●	●	●	●	●
4. New, expansion, rehabilitation, or retrofitting of sustainable water supply (e.g., abstraction and treatment) infrastructure that would allow a significant reduction of the volume of water abstracted to satisfy a defined demand.	●	●		●	
5. Sustainable desalination plants that do not create carbon lock-in and are not high emitters, apply efficient and low-impact technologies, such as membrane-based systems, help protect groundwater depletion and wetlands, promote reduction of abstraction from non-sustainable water sources, and avoid hypersaline pollution of the environment (e.g., ISO standard 23446).		●		●	●
6. Development, replacement, and/or rehabilitation of water conveyance and distribution systems (e.g., pipeline and network) that document at least a 10 percent reduction in physical losses compared to a documented baseline.		●	●	●	●
7. Wastewater treatment plants and wastewater collection systems, including municipal, industrial, agri-business, commercial, and/or residential.	●	●	●		

Light blue: New blue activities in version 2.0 **Light yellow:** Activities from Version 1.0 that have been amended or updated

	BROAD CATEGORIES OF ELIGIBILITY				
BLUE FINANCE ACTIVITY	POLLUTION PREVENTION AND CONTROL	NATURAL RESOURCE CONSERVATION	BIODIVERSITY CONSERVATION	CLIMATE CHANGE MITIGATION[48]	CLIMATE CHANGE ADAPTATION
8. Wastewater reuse projects that demonstrate a reduction in water abstraction or contamination of water bodies.	●	●	●		●
B. Ocean-friendly products, marine biotechnology and chemicals (including circular economy adapted products)	●		●	●	
1. Sustainable collection of excess natural organic (plant) or aquatic and marine origin material (such as Sargassum seaweed) and conversion to new sustainable products or substances with alternative use and value without disrupting local ecosystems.	●		●	●	
2. Household products made from sustainable raw materials that can replace existing harmful products or reduce nitrogen and phosphorus loads of the aquatic environment.	●		●	●	
3. At least a 20 percent reduction per unit of product or replacement of phosphate-based or nitrogen-based synthetic fertilizers with sustainable and biodegradable alternative fertilizers and supplements, in areas connected to rivers or coastal water basins.	●		●	●	

Light blue: New blue activities in version 2.0 **Light yellow:** Activities from Version 1.0 that have been amended or updated

ANNEX 1

	BROAD CATEGORIES OF ELIGIBILITY				
BLUE FINANCE ACTIVITY	**POLLUTION PREVENTION AND CONTROL**	**NATURAL RESOURCE CONSERVATION**	**BIODIVERSITY CONSERVATION**	**CLIMATE CHANGE MITIGATION[48]**	**CLIMATE CHANGE ADAPTATION**
4. Alternative low carbon and biodegradable fibers (such as Lyocell) substituting for fossil-based fibers (for example, polyester) in the value chains of the medical, apparel, and other industries.	●		●	●	
5. Biodegradable plant-based plastics and packaging, or compostable plastics and packaging, in locations where compostable facilities are readily available.	●		●	●	
6. Use of recycled or reused plastics for manufacturing in a circular economy approach in areas connected to rivers or coastal water basins.	●	●	●	●	
7. Plastics collection and recycling facilities, substitution of plastics packaging with sustainable and biodegradable materials, and reusing or repurposing of plastics in areas close to a water body.	●	●	●	●	
C. Transport and shipping	●		●	●	●
1. Electric vessels, wind powered vessels and vessels using low-emission hydrogen-based fuels (including fuel cell vessels), associated enabling infrastructure such as charging infrastructure (including both renewable electric shore power and/or renewable offshore charging points) and storage and bunkering infrastructure for low-emission hydrogen-based fuels.			●	●	

Light blue: New blue activities in version 2.0 **Light yellow:** Activities from Version 1.0 that have been amended or updated

ANNEX 1

	BROAD CATEGORIES OF ELIGIBILITY				
BLUE FINANCE ACTIVITY	POLLUTION PREVENTION AND CONTROL	NATURAL RESOURCE CONSERVATION	BIODIVERSITY CONSERVATION	CLIMATE CHANGE MITIGATION[48]	CLIMATE CHANGE ADAPTATION
2. Technology-based tracking, monitoring, mapping, and analytical tools and/or alternate routing practices to protect life under the water (e.g., avoiding collision with large mammals).			●		
3. Ballast water treatment and shipping vessels to comply with the International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM Convention) to avoid the spread of invasive alien species (e.g., ISO standard 11711).	●		●		●
4. Non-chemical water treatment equipment and facilities (such as membrane bioreactors and UV radiation) for all blackwater and greywater generated from ports and vessels.	●		●		
5. Bilge water treatment in shipping vessels.	●		●		
6. Maritime noise pollution reduction technology, measurement, and equipment in shipping vessels.	●		●		
7. Vessel recycling and/or repurposing.	●	●	●		
8. Systems, technology, and measurement that facilitate the improvement of oil (fuel) spill prevention, risks safeguard, and recovery facilities.	●				●

Light blue: New blue activities in version 2.0 **Light yellow:** Activities from Version 1.0 that have been amended or updated

	BROAD CATEGORIES OF ELIGIBILITY				
BLUE FINANCE ACTIVITY	POLLUTION PREVENTION AND CONTROL	NATURAL RESOURCE CONSERVATION	BIODIVERSITY CONSERVATION	CLIMATE CHANGE MITIGATION[48]	CLIMATE CHANGE ADAPTATION
9. Solid waste and other waste receiver facilities at ports and terminals for the collection and treatment of garbage and waste.	●		●		●
D. Fisheries and Aquaculture	●	●		●	●
1. Establishment and maintenance of no-take zones (NTZs).		●	●		
2. Sustainable land-based aquaculture production of high-value niche products, such as crustaceans, sea urchins, ornamental corals, and fish.	●		●		
3. Sustainable cultivation of bivalves for algae and nutrient removal in eutrophic coastal waters.	●	●	●		
4. Sustainable production of algae and other marine micro or macro-organisms to produce food, feed, pharmaceuticals, cosmetics, or other bio-based products through biotechnological applications.	●		●		
5. Cold chain and storage for small- and medium-sized fishing in areas with sustainable fishing quotas.	●		●	●	●
6. Medium- to large-scale processing and product development, with an emphasis on pelagic species, such as fish loins, sashimi-grade fish, and by-catch, in jurisdictions with enforced sustainable fishing quotas.	●				

Light blue: New blue activities in version 2.0 **Light yellow:** Activities from Version 1.0 that have been amended or updated

ANNEX 1

	BROAD CATEGORIES OF ELIGIBILITY				
BLUE FINANCE ACTIVITY	POLLUTION PREVENTION AND CONTROL	NATURAL RESOURCE CONSERVATION	BIODIVERSITY CONSERVATION	CLIMATE CHANGE MITIGATION[48]	CLIMATE CHANGE ADAPTATION
7. Small- to medium-scale biorefineries for fish processing by-products (e.g., oil, collagen, amino acid, and mineral production) in jurisdictions with enforced fishing quotas.	●		●		
8. Fisheries that meet, keep, or exceed the Marine Stewardship Council certification standard (MSC) or equivalent.	●	●			
9. Aquaculture that meets, keeps, or exceeds the Aquaculture Stewardship Council30 certification standard (ASC) or equivalent.	●	●	●		
10. Production, trade, or retail of seafood products with the blue Marine Stewardship Council or Aquaculture Stewardship Council label.	●	●	●		
11. Traceability systems to ensure the sustainability of operations, facilities, and supply chains in the fishing industry. This investment should meet, keep, or exceed the Marine Stewardship Council certification for the chain of custody certification for suppliers of seafood products.	●	●	●		

	BROAD CATEGORIES OF ELIGIBILITY				
BLUE FINANCE ACTIVITY	**POLLUTION PREVENTION AND CONTROL**	**NATURAL RESOURCE CONSERVATION**	**BIODIVERSITY CONSERVATION**	**CLIMATE CHANGE MITIGATION[48]**	**CLIMATE CHANGE ADAPTATION**
12. Information systems, technology, and instruments deployed for monitoring, measuring, tracking, and reporting physical and chemical indicators of the water body to achieve sustainable fishery and aquaculture management. This could include systems with drones, autonomous sailing vessels, autonomous underwater vehicles, and ocean buoys, among other technologies.	●	●	●		
13. Fishery Improvement Project registered at the International Seafood Sustainability Foundation.		●	●		
E. Habitat restoration and protection of coastal, marine, and watershed environments		●	●		●
1. Field identification, extraction, and testing of water body and ocean organisms to expand knowledge of aquatic and marine biodiversity and the protection of these ecosystems.	●		●	●	
2. Conservation, improvement, and restoration of freshwater, marine, and coastal ecosystems, preferably taking an ecosystem management approach, including the support of innovative governance structures suitable for private and public investments. These systems include, but are not limited to, wetlands, coral reefs, mangroves, seagrass meadows, and tidal marshes.		●	●		●

Light blue: New blue activities in version 2.0 **Light yellow:** Activities from Version 1.0 that have been amended or updated

	BROAD CATEGORIES OF ELIGIBILITY				
BLUE FINANCE ACTIVITY	**POLLUTION PREVENTION AND CONTROL**	**NATURAL RESOURCE CONSERVATION**	**BIODIVERSITY CONSERVATION**	**CLIMATE CHANGE MITIGATION[48]**	**CLIMATE CHANGE ADAPTATION**
3. Information systems, technology, and instruments deployed for monitoring, measuring, tracking, and reporting physical and chemical indicators of the water body to achieve water-related ecosystem restoration and disaster resilience. This could include systems with drones, autonomous sailing vessels, autonomous underwater vehicles, and ocean buoys, among other technologies.	●	●	●		●
4. New restoration techniques, such as artificial reef habitat restoration structures using biodegradable potato starch, mangroves and seagrass planting, and coral reef restoration projects.		●	●		●
5. New technology, such as marine robotics, to control invasive species, including, but not limited to, plankton, crustaceans, and mollusks.		●	●		
6. Critical coastal ecosystem-based adaptation activities, including protection, restoration, and sustainable management of coastal blue carbon ecosystems		●	●		●

Light blue: New blue activities in version 2.0 **Light yellow:** Activities from Version 1.0 that have been amended or updated

	BROAD CATEGORIES OF ELIGIBILITY				
BLUE FINANCE ACTIVITY	POLLUTION PREVENTION AND CONTROL	NATURAL RESOURCE CONSERVATION	BIODIVERSITY CONSERVATION	CLIMATE CHANGE MITIGATION[48]	CLIMATE CHANGE ADAPTATION
7. Establishment, expansion, and management of Marine Protected Areas (MPAs) and the Other Effective Area-Based Conservation Measures (OECMs) for coastal conservation and marine habitat protection and restoration.		●	●		
8. Systems, technology, and measurement that facilitate the identification and prevention of illegal marine wildlife/species trade (including corals).		●	●		●
9. Conservation, improvement, and restoration of natural hydrological and sediment flows.		●	●		●
10. Offshore wind energy facilities, such as wind farms that do not harm marine ecosystems, with additional features such as fishery sanctuaries for juveniles of certain marine species, substantial artificial reef elements, and other measures promoting marine biodiversity.			●	●	
F. Tourism and recreation		●	●		
1. Nature-based freshwater and marine visitor centers showcasing the environment and disseminating research and knowledge about lakes, wetlands, reefs, and other aquatic ecosystems.		●	●		
2. Licensed certified sustainable tourism in areas close to a water body and coastal regions, and with inclusive livelihood elements and business opportunities, such as resorts, hotels, boat operators, sailing schools, and diving centers.		●	●		

Light blue: New blue activities in version 2.0 **Light yellow:** Activities from Version 1.0 that have been amended or updated

Annex 2

Adoption of blue via use-of-proceeds and sustainability-linked instruments (illustration only)

The examples provided below are purely for illustration purposes and are not intended to be prescriptive.

A. A use-of-proceeds instrument

For illustrative purposes, 'Company A' is a manufacturing company raising funds through a bond issuance to improve its sustainability practices by changing the use of plastics to support ocean health.

A Blue Finance Framework is highly recommended, in line with the Green Bond Principles.

1. Use of Proceeds

- Eligible categories for the bond's use of proceeds need to be aligned with the Green Bond Principles and IFC's Guidelines for Blue Finance.
- In Company A's case, the use of proceeds will help support sustainable cities and communities and life below water.
- Under the Framework, use of proceeds must be allocated to finance activities that are aligned with blue eligible categories.

In this case, the use of proceeds aligns with IFC's Guidelines for Blue Finance under Category B: Ocean-friendly products, marine biotechnology and chemicals.

Ocean-friendly products, marine biotechnology and chemicals	Use of recycled or reused plastics for manufacturing in a circular economy approach in areas close to a water body.
	Plastics collection and recycling facilities, substitution of plastics packaging with sustainable and biodegradable materials, and reusing or repurposing of plastics in areas close to a water body.

2. Process for Project Evaluation and Selection

- Company A's sustainability team should identify potential blue projects based on the eligibility criteria outlined in the Use of Proceeds section, which will be further considered by the ESG Committee, which consists of the Chief Sustainability Office, Chief Operation Officer, Chief Financial Officer, Chief Technology Officer, Chief Risk Officer, and other supporting members responsible for governing and implementing the Blue Finance Framework.
- In addition to reviewing the eligibility criteria, the Committee should also assess the following aspects:
  - Alignment with the company's sustainability strategy, targets, and goals.
  - Compliance with the relevant national/local social and environmental regulations.
  - Compliance with the IFC Performance Standards for identifying and mitigating E&S risks and impacts and avoiding significant social or environmental harm.
- Along with the implementation of the Blue Finance Framework, the Committee is also responsible for:
  - Overseeing the allocation of the use of proceeds and project performance with support from the treasury and sustainability teams.
  - Data collection and analysis regarding project operation and impacts.
  - Updating the Blue Finance Framework as needed.

3. Management of Proceeds

- Proceeds should be managed in accordance with the company's internal treasury policies. The proceeds will be tracked transparently and used exclusively to finance blue activities defined in the Framework. Internal accounting will present an audit trail to track the use of proceeds until the full allocation is complete.
- Company A commits to allocating the proceeds toward eligible blue projects in a timely manner in accordance with the relevant funding documents. The allocation and management of the funds will be well documented internally and disclosed to the lender(s)/investor(s) as needed until the full allocation is complete.

4. Reporting

- Company A should disclose to its blue lender(s)/investor(s) on a timely basis and provide, at least annually, a report with the following information until the instrument matures.
- Allocation of proceeds
  - List of eligible blue projects and brief descriptions of the projects.
  - The volume of financing allocated to the projects.
  - The unallocated proceeds, yet to be earmarked.
  - Other relevant information, such as instruments used for the temporary investment of the unallocated proceeds.
- Impact
  - Annual polyethylene terephthalate (PET) recycled as a key impact indicator in the annual impact report.
  - Other indicators as needed.
  - The methodology for calculating the impact indicators, including full transparency on estimation methodologies where applicable.

B. A Sustainability-linked instrument with a focus on blue

For illustrative purposes, 'Company B' is a water utility company distributing water to a large population in a developing country. Its business model is to provide a safe and reliable water supply service, which is blue-related.

The SLBPs recommend that issuers publicly communicate their rationale for the selection of their KPIs (for example, relevance and materiality), the motivation for the SPTs (such as ambition level, consistency with overall strategic planning or sustainable development policies and benchmarking approach), the potential change of bond financial and/or structural characteristics and the trigger events leading to such a change, intended post issuance reporting and independent verification, as well as an overall representation of the issuer's alignment with the SLBP.

1. Selection of Key Performance Indicators (KPIs)

- KPIs should be ambitious, relevant, and material to the company's business.
- On an annual basis, a sustainability materiality assessment will need to be conducted to identify, evaluate, and prioritize the sustainability issues that are most significant to the business and its stakeholders. The most relevant category for such a utility company would be reducing physical losses.

KPI: Physical losses per unit of service

Rationale: The need to better manage physical losses and protect water resources has become increasingly important, especially given the water constraints in the cities where Company B operates. Physical losses management offers superior cost-effectiveness compared to supply augmentation, allowing the company to reduce the volume of treated water that is lost, expand and improve services and efficiency, enhance financial performance, increase climate resilience, and reduce energy consumption. By addressing the physical losses challenge, Company B will be taking steps towards achieving SDG 6, through targeting water-use efficiency and ensuring sustainable withdrawals and supply of freshwater resources.

Boundary: This KPI will cover all cities served by Company B's network.

Definition: This KPI measures actual water loss as a percentage of system input volume.

Historical performance:

Physical losses (L,%)

A1%	A2%	A3%
2021	2022	2023

Baseline: Physical losses are calculated as an average of the physical losses' percentages between 2021 and 2023 (A%). The average of the physical losses is chosen as the baseline since it best represents Company B's performance in a business-as-usual environment..

2. Calibration of Sustainability Performance Targets (SPTs)

SPT: Annual reduction of physical losses by X% and a total reduction of Y% by 2030 (Y=6X)

Target observation date: The end of each calendar year

Benchmarking: The SPT should be benchmarked against Company B's historical performance, national average data, and industry peers as shown below.

	LATEST PHYSICAL LOSSES AVAILABLE	TARGET
Company	BAU trajectory	Y% by 2030
National data (n)	Physical losses $_{n}$	Physical losses $_{nt}$
Peer 1 (p1)	Physical losses $_{p1}$	Physical losses $_{pt1}$
Peer 2 (p2)	Physical losses $_{p2}$ trajectory	Physical losses $_{pt2}$
Peer 3 (p3)	Physical losses $_{p3}$	Physical losses $_{pt3}$

The SPT of Y% reduction by 2030 compared to the baseline is more ambitious than the business-as-usual target, better than Peer 2 and 3, and comparable to Peer 1.

Strategy to achieve the SPT: Company B takes a comprehensive approach to reduce physical losses by addressing the full cycle of service. The planned measures include, but are not limited to, the deployment of advanced technologies and equipment to collect data and measure system efficiency, pressure management and leakage control, pipeline network division, and engagement with policymakers on regulation and enforcement enhancement.

3. Bond/Loan Characteristics

The exact structure and other details, such as potential variation of the coupon and fallback mechanism, will be specified in the relevant documents in line with the SLBP and the SLLP. Company B will need to provide sufficient evidence every year to confirm that it continues to meet the SPT until the maturity of the relevant instrument.

4. Reporting

To provide investors and other stakeholders with adequate information about Company B's progress on the KPIs and achievement of the SPTs set out in the Sustainability-Linked Finance Framework, a report, at least annually, should be made publicly available via Company B's website. This should include, but is not limited to:

- The performance of KPIs for the relevant reporting period, including calculation methodologies and baselines, where relevant.
- An external verification report outlining the performance of KPIs against the SPTs.
- Updates to Company B's sustainability strategy and/or governance with an impact on KPIs and SPTs.

Where feasible and possible, the reporting will also include:

- Qualitative and/or quantitative explanations of the contribution of the main factors behind the development of the performance of KPIs on an annual basis.
- Illustration of positive sustainability impacts of the KPI performance improvement.
- Updates on new or proposed regulations from regulatory bodies relevant to the KPIs and the SPTs.

5. Verification

To provide transparency to investors and other stakeholders, Company B should ensure that an external and independent verification by one or more qualified external reviewer(s) with relevant expertise is performed as outlined below:

Second Party Opinion

A second opinion provider has provided a Second Party Opinion on Company B's Sustainability-Linked Finance Framework, assessing the relevance, robustness, reliability, and ambition level of the selected KPIs and SPTs, and confirming its alignment with the five core components of the SLBP and SLLP administered by the ICMA and the LMA, respectively.

Annual KPI Verification

Company B should ensure an independent and external verification of its performance of the KPI against the SPT on an annual basis or in relation to any target observation end date. The verification will be performed by a qualified external reviewer with relevant expertise. Company B should also make the verification report publicly available.

CONTACTS

Hongze (Frank) Guo
Associate Operations Officer
IFC Climate Business Department

Francisco Avendano
Global Lead for Climate Finance
and Climate Risk Management
IFC Climate Business Department

Pushkala Ratan
Global Blue Finance Lead and Asia Climate Finance Lead
IFC Financial Institutions Group

Kaushi Liyanage
Associate Climate Investment Officer
IFC Financial Institutions Group

José Gamito Pires
Blue Finance Consultant
IFC Financial Institutions Group

Email: **bluefinance_enquiries@ifc.org**

IN COLLABORATION WITH:

AXA Climate

Climate Bonds Initiative

DTU

Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping

NIRAS

Ørsted

Rabobank

T.RowePrice

IFC International Finance Corporation WORLD BANK GROUP

2121 Pennsylvania Avenue, N.W
Washington, D.C. 20433

ifc.org