OCEAN & CLIMATE PLATFORM

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Ocean Risk and Resilience Action Alliance

UNPACKING OCEAN FINANCE FOR CLIMATE ACTION

A ROADMAP FOR THE UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

BLUE MARINE FOUNDATION

The Nature Conservancy

GLOBAL OCEAN TRUST

WITH THE SUPPORT OF:

United Nations Global Compact

EXECUTIVE SUMMARY

The ocean is our best ally in the fight against climate change. Acting as a carbon sink, oxygen supplier and heat reservoir, the ocean makes life on Earth possible. Ocean-based solutions fit within the main response pillars for climate change, namely: **mitigation** of the cause of climate change – contributing up to 35% on a 1.5°C pathway in 2050 [1], **adaptation** to its adverse effects, and addressing the **loss and damage** associated with its adverse effects.

Ocean action is now widely recognised as climate action. Yet, the share of climate finance allocated to ocean-based solutions has been insufficient, limiting the potential to fully leverage these solutions. This **policy brief provides concrete recommendations** for Parties to the UN Framework Convention on Climate Change (UNFCCC) to specifically integrate ocean solutions in the finance for climate action package negotiated at COP29 in Baku, Azerbaijan (11-22 November 2025).

<u>In the overall UNFCCC process:</u>

- There is a need to establish a common understanding of ocean-related climate finance, and develop and use a common methodology to track this type of climate finance.
- Parties should task themselves with the development of clear, tailored guidance on ocean-related climate finance, in collaboration with the UNFCCC secretariat and relevant constituted bodies such as the Standing Committee on Finance.

<u>In the New Collective Quantified Goal (NCQG):</u>

- The most relevant entry point is how developing countries express their needs and priorities, particularly within their climate plans and strategies. Effectively framing and integrating ocean-based measures and targets into these policy documents will be crucial to unlock the much-needed climate finance to support these actions.
- To achieve this, the NCQG should encourage all climate finance channels to expand the use of policy-based financing [2] which would, in turn, increase financing for ocean-based climate action.

<u>In the Fund for responding to Loss & Damage:</u>

- Parties should invite the Board of the Fund to give due consideration to ocean-based loss and damage responses when finalising the Fund's key policies and programme priorities, in the initial guidance to the Fund.
- Parties should ensure the inclusion of ocean-based indicators and parameters to enhance the focus on loss and damage in these marine and coastal environments and support effective responses.

<u>In upcoming Nationally Determined Contributions:</u>

- Parties should integrate ocean-based measures and targets in their national climate strategies in a quantified manner. This quantification could not only help attract support, but also track implementation of these measures.
- The Annual Global Stocktake Dialogue, which focuses on the revision of these strategies, could encourage Parties to include these quantified targets.

<u>In the Global Goal on Adaptation (GGA):</u>

- Parties should identify and integrate ocean-related indicators for the GGA Framework, under the UAE-Bélem work programme. These indicators should be aligned with other relevant processes, beyond the climate sphere, including the Kunming-Montreal Global Biodiversity Framework and Sustainable Development Goal 14 "Life Below Water".

<u>In Market-Based Cooperative Approaches (Article 6 of the Paris Agreement):</u>

- Parties should find consensus on key issues to make Article 6 fully operational. Fully operationalising Article 6 is critical to ensuring transparency and integrity in high-quality carbon market mechanisms that countries can use to achieve their NDCs. To achieve this, negotiators need to reach a consensus on key elements, including transparency in reporting, the content and timing of submitting key documents, and the handling of inconsistent information, among other important aspects.

<u>In relation to non-state actors and the Marrakech Partnership for Global Climate Action:</u>

- Parties should create the enabling conditions to mobilise financial resources from the private sector, including through public-private partnerships that align with innovative finance, and leverage their NDCs as roadmaps to guide this collaboration.
- Parties can leverage the Ocean Breakthroughs to include clear and quantified measures and targets in five key sectors of marine conservation, ocean renewable energy, shipping, aquatic food systems and coastal tourism in their national strategies.
- Parties should enable the provision of concessional financing through blended approaches to scale investment and build out an ocean economy pipeline, especially in the Global South.

INTRODUCTION

The **ocean is our best ally in the fight against climate change**. Acting as a carbon sink, oxygen supplier and heat reservoir, the ocean makes life on Earth possible. Ocean-based solutions fit within the three main responses to climate change, namely: **mitigation** of the cause of climate change – contributing up to 35% on a 1.5°C pathway in 2050 [3], **adaptation** to its adverse effects, and addressing the **loss and damage** associated with its adverse effects. Long overlooked, these solutions are now gaining momentum, as more countries integrate them in their climate strategies [4].

This year's United Nations Climate Change Conference (COP29), slated to be held in Baku, Azerbaijan, has been deemed as the 'Finance COP'. Parties to the United Nations Framework Convention on Climate Change (UNFCCC) are supposed to decide on a new climate finance goal, commensurate with the goals and provisions of the Paris Agreement (2015). However, questions remain about how the ocean will benefit from the potential increase in hopefully good quality climate finance that may be provided and mobilised under this new goal for developing countries. This requires clarification, especially since Parties were invited to strengthen ocean-based climate action, last year, in the outcomes of the first Global Stocktake of the Paris Agreement [5] (Table 1). This holds particular importance as the ocean is a low priority on the COP29 agenda.

The literature continues to grow on ocean action, including detailed mappings of where the ocean fits within the climate regime and guidance on how ocean solutions can be integrated in climate strategies [6].

Yet, a critical gap remains in research focused on **analysing the international support for these actions**, specifically the provision of financial resources or 'climate finance'. There is no overview of **the extent to which finance for climate action is allocated to ocean-based solutions under the UNFCCC regime**, the primary forum for these discussions.

This brief seeks to contribute to the initial efforts to bridge this gap by **providing an overview of ocean-related climate finance** within the UNFCCC regime and **outlining a preliminary roadmap to advance this topic** within the different UNFCCC processes. It highlights upcoming milestones from COP29 in Baku (2024) and COP30 in Belem (2025), **offering concrete recommendations** for Parties and non-Party stakeholders to raise ambition for the ocean in the negotiations.

In this brief, the term **'finance for climate action'** is used as an umbrella term to encompass these three concepts: 1) **climate finance** proper which is the provision and mobilisation of public financial resources to developing countries as support for climate action through a variety of channels in accordance with Articles 4 and 11 of the UNFCCC, and Article 9 of the Paris Agreement; 2) **finance from a market-based cooperative approach** which is financial resources received by a country in exchange for them transferring a mitigation outcome to another country in accordance with Article 6 of the Paris Agreement; and 3) **other finance mobilised by the private sector for climate action** that does not fall into either categories.

Table 1: Ocean-related outcomes from the first Global Stocktake (2023) of the Paris Agreement [7]

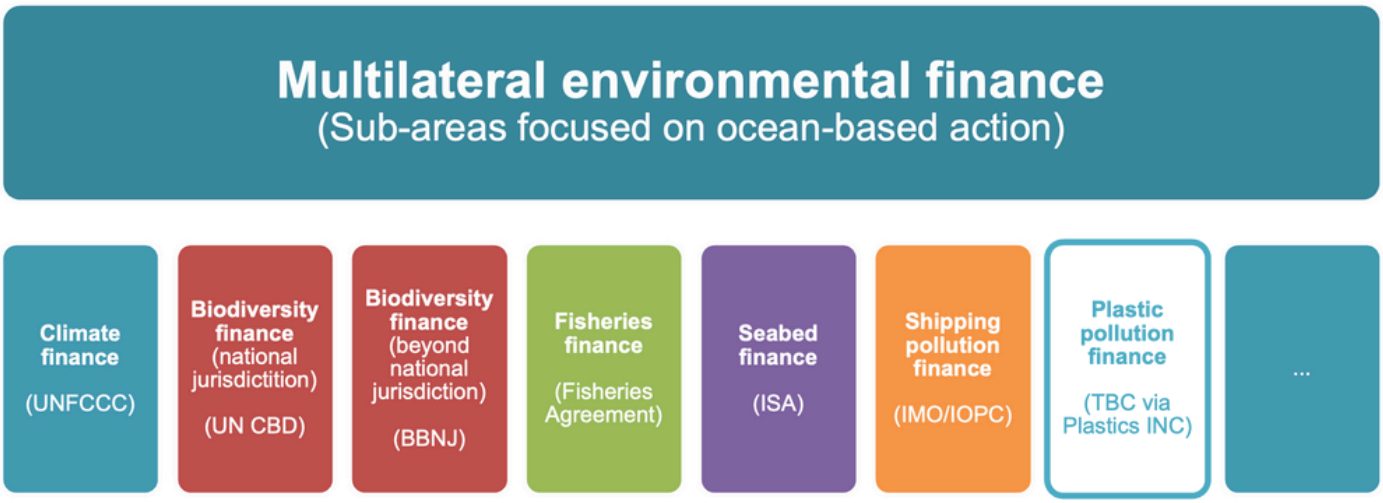
Focus	**Text**
Context	• Noting of the importance of ensuring the integrity of all ecosystems, including ***the ocean*** (Preamble)
Mitigation	• Emphasis on the importance of conserving, protecting and restoring nature and ecosystems towards achieving the Paris Agreement temperature goal, including through enhanced efforts towards ***marine ecosystems*** acting as sinks and reservoirs of greenhouse gases and by conserving biodiversity, while ensuring social and environmental safeguards, in line with the Kunming-Montreal Global Biodiversity Framework (Para 33) • Invitation to Parties to preserve and restore ***the ocean and coastal ecosystems*** and scale up, as appropriate, ***ocean-based mitigation action*** (Para 35)
Adaptation	• Encouragement to implement integrated, multi-sectoral solutions, such as resilient food systems, nature-based solutions and ecosystem-based approaches, and protecting, conserving and restoring nature and ecosystems, including ***marine and coastal ecosystems*** (Para 55) • Noting of the fact that ecosystem-based approaches, including ocean-based adaptation and resilience measures can reduce a range of climate change risks and provide multiple co-benefits; (Para 56) • Recognition of the Global Goal on Adaptation 2030 Target focused on reducing climate impacts on ecosystems and biodiversity and accelerating the use of ecosystem-based adaptation and nature-based solutions, including through their management, enhancement, restoration and conservation and the protection of marine and coastal ecosystems (Para 63)
Ways Forward	• Welcoming of the outcomes of, and the informal summary report on the 2023 o***cean and climate change dialogue*** (Para 180) • Encouragement to further strengthen ***ocean-based action***, as appropriate (Para 180)

Ocean-Related Climate Finance: the Current State of Play

Before delving into ocean-related climate finance, it is helpful to note that ocean governance is fragmented and that, as a result, ocean-based solutions are developed and supported by different financial mechanisms across several multilateral environmental agreements (MEAs) (Figure 2). While their scope, obligations and commitments are grounded in different legal regimes, there is great importance in these separate MEAs and their respective finance streams working closer together [8].

The channels that provide access to these financial resources should also ensure coherence and complementarity across and amongst the streams, to the greatest extent possible, while maintaining accountability for the respective regime's obligations and commitments.

Table 2: Overview of multilateral environmental finance with a focus on ocean-based action



Now turning to ocean-related climate finance, there are other entry points to address finance-related topics within the UNFCCC. The UNFCCC has its own Financial Mechanism, which sets its climate policies, programme priorities, and funding eligibility criteria. It operates through several entities and special funds (Table 3).

The UNFCCC's flagship report on global climate finance flows in 2022 highlighted that, while 'nature-based solutions' are an emerging sub-theme for climate finance flows, there remains difficulties in tracking such flows used [16]. This Biennial Assessment found that '*nature-based solutions activities often sit at the intersection of many sectors and priorities[, and also have] multiple and interacting, direct and indirect drivers of land and ocean-use*'.

This finding illustrates a key gap related to ocean-related climate finance. First, it highlights the need to establish a common understanding of what it means and to develop and use a common methodology to track this type of climate finance – by the providers and recipients. By tracking ocean-related climate finance, stakeholders can better ensure that investments are directed toward ocean-based initiatives, while enhancing transparency and ensuring accountability.

Given the gaps above, we encourage Parties in collaboration with the UNFCCC Secretariat and relevant constituted bodies, such as the Standing Committee on Finance, to **task themselves with the development of clear, tailored guidance on ocean-related climate finance**. This guidance should focus on developing and implementing approaches that will seek to address the identified gaps, particularly in key climate finance reports like the Biennial Assessment and Overview of Climate Finance Flows [17] and the Report on the Determination of the Needs of Developing Country Parties [18]. This must also be done for countries' national plans and reports Biennial Transparency Reports to the Paris Agreement.

Table 3: List of multilateral climate funds with linkages to the UNFCCC regime

Fund name	**Mission**	**Available funding (USD, billions)**	**Any relevant strategic focus on the ocean**
Global Environment Facility (GEF)	To provide new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits [9]	*0.24 (As at March 2024)*	This GEF-8 cycle boosts ocean-specific integrated programmes focused on areas such as plastics pollution, blue islands, and clean and healthy ocean, indicatively accounting for USD 307 million over that 4-year period [10]. In relation to the GEF's ocean-climate finance, there is USD 68 million for climate change mitigation through nature-based solutions. As it relates to ocean-based adaptation finance for GEF-8, this is primarily programmed under the GEF's Special Climate Change Fund and Least Developed Countries Fund.
Green Climate Fund (GCF)	To promote the paradigm shift towards low emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change [11].	*2.51 (As at June 2024) [12]*	For its GCF-2 replenishment (2024-2027), the Fund has a targeted result focus on "*Ecosystems: Support for developing countries that results in 120 to 190 million hectares of terrestrial and marine areas conserved, restored or brought under sustainable management*."
Adaptation Fund (AF)	To assist developing country that are particularly vulnerable to the adverse effects of climate change in meeting the costs of adaptation [13]	*0.49 (As at June 2024)*	In the AF's Medium-Term Strategy 2023-2027, the Fund made a commitment to: "*capture co-benefits and learning of innovative and impactful areas of adaptation, such as nature-based solutions", and "capture synergies with and benefits for building broader resilience to compounding and more complex risks, including through exploring linkages between adaptation and related areas such … biodiversity oceans and marine ecosystems*" [14]
Fund for Responding to Loss and Damage (FRLD)	To assist developing countries that are particularly vulnerable to the adverse effects of climate change in responding to economic and non-economic loss and damage associated with the adverse effects of climate change, including extreme weather events and slow onset events [15]	*0.01 (As at August 2024)USD 0.66 billion is the total amount of commitments*	The Fund is still in its operationalisation phase with key policy documents under development.

Ocean-Related Climate Finance within the UNFCCC Process

The UNFCCC has only one officially mandated process solely dedicated to strengthening ocean-based climate action – it is known as the Ocean and Climate Change Dialogue. Initially established as a stand-alone event in 2020, it has since become an annual convening, facilitated by two co-chairs, overseen by the convention's Subsidiary Body for Scientific and Technological Advice (SBSTA), responsible for providing timely information and guidance.

The dialogue, while mandated, is not a part of the formal negotiations but rather an official 'workshop', which has covered several topics over the years (See Table 4). Consequently, the outcome has been informal summary reports by the SBSTA Chair in 2020 and 2022, and the Dialogue's Co-Facilitators from 2023 to present. While finance has consistently emerged as a cross-cutting issue, raised many times by participants, there has not been a dedicated dialogue on finance yet.

Table 4: Past topics of the UNFCCC Dialogues on the Ocean and Climate Change (2020-2024)

Year	Topics
2020	• Understanding the key messages from the IPCC Special Report on the Ocean and the Cryosphere • Strengthening action under existing UNFCCC processes • Strengthening engagement between UNFCCC and other United Nations processes • Strengthening national level action on adaptation and mitigation
2021	*No dialogue due to the global pandemic*
2022	• Strengthening and integrating national ocean climate action under the Paris Agreement • Enabling ocean climate solutions and optimising institutional connections
2023	• Coastal ecosystem restoration including blue carbo • Fisheries and food security
2024	• Marine biodiversity conservation and coastal resilience • Technology needs for the ocean climate action, including finance links

Given the informal nature of this 'home' for ocean-based action on the margins of the UNFCCC, now counterbalanced by the growing recognition of the ocean's central role in mitigation, adaptation and loss & damage [19], it is time for the ocean to be fully integrated in the various official negotiations streams on the agenda, including those focused on finance. That said, it is no exaggeration to state that the official UNFCCC agenda is 'bursting at the seams' with roughly 91 agenda items shared across its three governing bodies [20] and two subsidiary bodies [21]. The 'Matters related to finance' item under the Paris Agreement alone contains 11 sub-items. Therefore, it will be essential to integrate issues related to ocean-related climate finance into the appropriate streams, taking into account the subtleties and complexities of the regime. **The sections below attempt to provide a preliminary roadmap on this matter in a few key negotiation areas.**

1. New Collective Quantified Goal on Climate Finance (COP 29, Baku)

When adopting the Paris Agreement in 2015 (COP 21), Parties also agreed to set, before 2025, a successor to the current goal of mobilising USD 100 billion per year [22]. This successor goal, referred to as the 'New Collective Quantified Goal on Climate Finance' (NCQG), has been developed through a series of events, activities and negotiations over a three-year period from 2022-2024 [23]. This process is divided between technical discussions in a work programme, and political discussions through a CMA agenda item and a high-level ministerial dialogue. The technical part concluded with publication of the work programme's Co-Chairs report [24] in October of this year, marking the transition to the political phase.

The process has not spent any significant time unpacking ocean-related climate finance. There is a clear absence of the terms 'ocean', 'coastal', 'marine', 'nature-based', 'ecosystem-based', or even 'biodiversity' in the main outcome document from the technical process [25]. Meanwhile, the political process has only lightly referenced support for "nature-based solutions and ecosystem services" [26].

The absence of these specific terms, and others like it, however, do not correlate to the lack of prioritisation for this sub-sector. Discussions remain at a macro-level due to the cross-sectoral and cross-ecosystem nature of climate change. The most specific discussions to date have focused on response types (i.e. adaptation, mitigation, loss and damage response, cross-cutting) and links to means of implementation (i.e. technology development and transfer, and capacity building). Given the current state of negotiations, it is unlikely that the goal will get any more granular than this.

That said, the NDCQG includes some implicit linkages with ocean-based climate action. This is primarily seen in the NCQG 2023 guidance decision [27] that confirmed:

- the need to consider and build on the outcomes of the Global Stocktake, which includes the various invitations and encouragements to strengthen ocean-based action;

- the requirement that the scale and elements of the new goal reflect the 'exigent need' to support the implementation of current climate strategies, many of which include ocean-based measures, and address the evolving needs of developing countries to achieve these strategies [28].

Moreover, developing countries have also been pushing for 'additionality' of international finance commitments across fora, for example commitment for oversea development assistance and Target 19 of the Kunming-Montreal Global Biodiversity Framework under the Convention on Biological Diversity (CBD). Additionality is a principle based on the premise that new and additional financial resources are required for developing countries to cover the incremental costs for the actions they have to undertake to deal with global environmental problems that go beyond those costs for baseline development [29]. As noted in Section 1, different sub-areas of ocean-based environmental finance can sometimes overlap in supporting ocean-based action. These streams should complement one another, ensuring coherence at the implementation level as well as additionality. This will be key in driving accountability, effectiveness and impact.

RECOMMENDED ACTIONS:

- **Articulation of Developing Countries' Needs & Priorities:** Explicit links to the ocean in the NCQG are currently not foreseen to land in the final decision. Nevertheless, **the most relevant entry point for the ocean is in the developing countries' communication of their needs and priorities, especially through their national climate plans and strategies.** There is strong consensus on the importance for climate finance provision and mobilisation to be centred around these needs and priorities. **The framing and integration of ocean-related measures and targets in these policy documents will be crucial in increasing the much needed climate finance for these actions.**
- **Promotion of Policy-Based Finance:** Given the recommendation above, it would be important for the **NCQG to encourage all climate finance channels to increase the use of policy-based financing [30].** This type of financing allows for the use of a more programmatic and flexible approach in comparison to the more complicated, short term project-based approach. **This should in turn increase access to sustained financing for ocean-based climate action.**

2. Loss and Damage Finance and the Fund (COP 29, Baku)

Climate-induced loss and damage is commonly understood as the residual harms or impacts experienced on our human and natural systems associated with the adverse effects of climate change [31]. These harms typically exceed both the soft [32] and hard [33] limits of what can be adapted to. Many of these adverse effects are also ocean-based, namely ocean warming, marine heat waves, ocean acidification, sea level rise, tropical cyclones, storm surge [34]. Therefore, the harm that these effects cause negatively impact coastal and marine ecosystems, such as coral reefs and mangroves, and the coastal communities who rely on the resources they provide [35]

UNFCCC COP 27 in 2022 marked a turning point for climate finance, as Parties recognised the urgent need for new and additional finance to address such loss and damage [36]. This strengthened the third pillar of the global climate response, with Parties agreeing on new funding arrangements, including the establishment of a new Fund to address institutional and financial gaps [37].

The Fund was intended to address these gaps with the most effective solutions, "*especially for the most vulnerable populations and the ecosystems on which they depend" [38]*. Considering the growing impacts of climate change on the ocean and the coasts, the Fund should ensure solutions to these impacts are fully considered and supported. So far, discussions on the operationalisation of the Fund and its funding arrangements remained at a very high-level – similar to ongoing talks on the NCQG. Only the key governing documents for the Fund were agreed in 2023 at COP28, with a newly appointed Board now responsible for its governance and oversight [39].

RECOMMENDED ACTIONS:

- **Issuance of initial guidance to the Fund:** At COP 29, Parties will consider the first annual report of the Fund and issue some initial guidance to the Fund [40]. This guidance should focus on one of the three following aspects of the Fund: its policies, programme priorities, or eligibility criteria. According to the most recent informal summary report for the UNFCCC Ocean and Climate Change Dialogue, **this guidance may serve as a potential entry point for focusing on enhancing financial support for ocean-based action [41]**.

  Given the Fund's early stage of development (i.e. less than one-year since its first Board meeting) and the COP's past practice of issuing high-level language that excludes prescriptive details, **Parties could invite the Board to ensure due consideration of ocean-based loss and damage responses in the finalisation of the Fund's key policies and programme priorities.**

- **Development of the key modalities and policies for the Fund:** Between its 4th and 7th meeting (i.e. from the second half of 2024 to the second half of 2025), the Fund's Board has set an ambitious work plan involving key policies that will be crucial for ensuring that adequate funding is provided for ocean-based loss and damage responses [42].

  These policies include the Fund's resource allocation framework and parameters, results management framework, indicators and trigger based approaches for the programme approval cycle. This is where **the use of ocean-based indicators and parameters will allow for the much-needed focus on loss and damage in these marine and coastal environments and support for the appropriate corresponding responses.**

3. Nationally Determined Contributions (NDC 3.0) (COP 30, Belem)

Nationally determined contributions (NDCs) to the global response to climate change continue to be the ambition engine for achievement of the Paris Agreement. These forward-looking plans for climate action are required to be communicated every five years – with the next set of NDCs due by February 2025 [43]. Current NDCs have the world heading towards an approximate 2.8°C temperature increase above the pre-industrial average [44]. This takes the world beyond what was agreed by the international community in the Paris Agreement, i.e. to limit global temperature increase to well below 2°C and pursue efforts to limit it to 1.5°C [45]. Ocean-based solutions have a key role to play in correcting the course, as noted in the Global Stocktake outcomes.

Currently, more than 70% of current NDCs submitted during the first revision cycle include at least one ocean-based climate measure [46]. The most common actions are related to coastal and marine nature-based solutions, compared to ocean-based decarbonisation measures such as ocean renewable energy or green shipping which continue to lag behind. This figure demonstrates that **Parties are increasingly recognising the ocean's potential to contribute to the goals of the Paris Agreement and are effectively raising their** ambition for ocean-based climate action. However, there are still opportunities to fully implement ocean-based solutions. The Global Stocktake encouraged Parties to come forward with new NDCs that are "ambitious, economy-wide emission reduction targets [...] aligned with limiting global warming to 1.5°C" [47]. It has been followed by a massive push on Parties to set and implement 1.5°C-aligned NDCs [48].

The link has been made between the need for ambitious action and the requirement for corresponding financial support for developing countries. Addressing this issue is one of the aspects that are key to unlocking very tense negotiations and an opportunity to restore trust amongst Parties.

In this context, NDCs can serve as a critical entry point to mobilise and secure climate finance in support of ocean-based measures. The summary report of the 2024 Ocean and Climate Change Dialogue provided a specific nudge for Parties to integrate ocean-based action and support in a quantified manner [49]. This quantification is an instrumental step in Parties' efforts to attract financial support from both public and private sources, while tracking implementation of these efforts.

RECOMMENDED ACTION:

- **Integration and support for ocean-based climate action in the next set of NDCs**: Parties can integrate **well-defined and quantified ocean-based targets in their upcoming NDCs** (i.e. the February 2025 submission deadline).

  Under the 'Matters related to the Global Stocktake' agenda item, there is a sub-item for the Annual Global Stocktake Dialogue, which focuses on NDCs. This could be a place for such an encouragement to Parties for their inclusion of these quantified targets. Stakeholders should nevertheless be aware the negotiations related to Global Stocktake follow-up have been quite divided and contested [50].

4. Global Goal on Adaptation's Framework and Indicators (COP 30, Belem)

The 2023 update of the Adaptation Finance Gap Report estimates ocean-related climate finance needs for "coastal zones" in developing countries at a conservative USD 56 billion per year until 2030 [51], noting that these costs are focused only on measures to address flood risks (e.g. using dikes) and reduce erosion (e.g. beach nourishment). The same report also prices adaptation for "fisheries, aquaculture and coastal marine" at USD 4.8 billion per year by 2030 [52]. These conservative estimates are limited to adaptation costs for changes in marine fish catch potential, and issues related to safety at sea, inland fisheries, aquaculture and marine protected areas.

Increasing the world's ability to adapt to climate change and foster climate resilience is one of the three long-term goals of the Paris Agreement [53]. To support this aim, the Paris Agreement set a more detailed Global Goal on Adaptation (GGA), which covers adaptive capacity, resilience, and vulnerability [54]. The direction of travel for these dimensions are: enhancing, strengthening, and reducing. At COP 28, Parties adopted a Framework for the GGA that built on these dimensions to guide and strengthen efforts in a more focused way [55]. The GGA Framework outlines seven thematic targets for key sectors in need of adaptation [56], and 4 dimensional targets focused on the steps of the adaptation cycle [57] – all set for achievement by 2030.

In relation to the thematic targets, ocean-based adaptation fits into all seven themes [58], with an explicit mention to reducing climate impacts on marine and coastal ecosystems in the Target focused on ecosystems and biodiversity. The dimension targets are cross-cutting and relevant to ocean-based action and ocean-related climate finance on 'impact, vulnerability and risk assessment', 'planning', 'implementation', and 'monitoring, evaluation and learning'.

With the GGA Framework now in place, the Parties are working to identify and develop a suite of indicators to track progress towards both the sets of targets [59]. A two-year work programme has been established, involving a wide variety of experts and stakeholders, and culminating at COP 30 in Belem. Almost one year into the work programme, there have been several calls for submissions, mappings, compilation and synthesis reports as well as two workshops [60]. The current compilation of submissions includes over 5,000 proposed indicators [61]. A few of them were explicitly ocean-related indicators, including some from other processes such as the UN Sustainable Development Goal 14 "Life Below Water" and the CBD's Kunming-Montreal Global Biodiversity Framework [62]. These indicators were primarily included as part of the GGA Framework Target focused on ecosystems and biodiversity, while also noting that many submissions deemed nature-based solutions for adaptation as an emerging area needing urgent development of relevant indicators [63].

RECOMMENDED ACTIONS:

- **Identification and development of ocean-related indicators for the GGA Framework**: Building on the work done in mapping, compiling and synthesising proposed indicators, there is a need for relevant stakeholders to critically analyse the targets and indicators through the lens of ocean-based action and support.
- **Submissions and interventions within the work programme should be crafted and delivered to ensure the identification and integration of existing ocean-related indicators, and the development of any necessary new indicators.** This should all be done well before the conclusion of the Work Programme at COP 30 in Belem.

5. Market-Based Cooperative Approaches (Article 6) (COP 29, Baku)

Article 6 of the Paris Agreement establishes carbon market mechanisms that enable countries to collaborate to achieve their NDCs in the most cost-effective way possible. When effectively implemented, Article 6 can unlock international finance for mitigation activities that may not be available through domestic means, thereby allowing countries to enhance the ambition of their NDC targets [64].

Article 6 units, known as Internationally Transferred Mitigation Outcomes, encompass both emission reductions and removals, regardless of the sector where they come from. This opens the door for nature-based solutions, including blue carbon activities [65], to be credited under Article 6, if they meet its requirements.

Article 6 also can provide links with Article 5 of the Paris Agreement, which encourages countries to implement and support policy approaches for REDD+ and in many countries, including mangroves. However, Article 5 is not a financial mechanism. In contrast, natural climate solutions, including REDD+ activities, can generate units under Article 6 if they comply with: (a) Article 6 guidance, including reporting and tracking requirements; (b) regulatory requirements set by both the seller and buyer countries; (c) methodologies approved by the Supervisory Body in the case of Article 6.4 and (d) the Warsaw Framework, Cancun Safeguards, and other relevant UNFCCC decisions. When these conditions are met, Article 6 can serve as a source of finance for REDD+ and a means to strengthen ambition for forest and mangrove conservation.

At COP28, countries did not reach a consensus on key issues, resulting in no formal decisions being adopted. For Article 6.2, which is already operational, the lack of progress hasn't significantly impacted its implementation. While additional guidance on reporting, registries, and the ability to amend or revoke authorizations remains important, the momentum surrounding Article 6.2 agreements continues to grow, with dozens of bilateral deals signed, and more countries participating as both buyers and sellers.

However, the failure to adopt decisions has a more profound impact on Article 6.4 – where a lot of what is at stake for blue carbon (and nature in general) is being discussed. Although the Supervisory Body has made some important advancements in October 2024, by adopting standards on methodologies and activities involving removals, there are still some important steps before Article 6.4 can be considered operational, such as the approval of methodologies and the operationalization of the registry.

The Article 6.4 will not meet at COP29. However, while some COP29 decisions are not specific to nature, several issues are key to operationalising the market and will impact all sectors, including nature. Fully operationalising Article 6 is critical to ensuring transparency and integrity in high-quality carbon markets that countries can use to achieve their NDCs.

RECOMMENDED ACTIONS:

- **Find consensus on key issues to make Article 6 fully operational:** Negotiators need to reach a consensus on key elements, including transparency in reporting, the content and timing of submitting key documents, and the handling of inconsistent information, among other important aspects.
- **Provide comprehensive guidance on reporting and the use of registries:** Countries should focus on maintaining transparency and accuracy for all sectors, including nature and blue carbon ecosystems. This will support the credibility and reliability of emissions data, fostering greater investor confidence in blue carbon initiatives.
- **Establish clear rules for reclaiming Article 6 units:** Ensure that Parties come to an agreement on the rules governing when and how countries can reclaim Article 6 units (which is known as rules to "change and revoke authorizations"). This would improve transparency and predictability in market mechanisms under the Paris Agreement. Clear guidelines will help prevent conflicts and ensure the integrity of the carbon market, making it easier for countries to cooperate and achieve ambitious mitigation targets. This could boost investment in coastal and marine ecosystems.

6. Mobilisation of Non-Party Stakeholders

Non-state actor engagement is critical if we are to achieve the Paris Agreement as they play a key role in supporting the implementation of climate solutions on the ground. Their role was clearly recognised in the outcome of the Global Stocktake, which also highlighted the need for closer cooperation between governments and these other types of stakeholders – i.e. cities, companies, financial institutions, intergovernmental organisations, and non-governmental organisations.

The Marrakech Partnership for Global Climate Action (MP-GCA) provides a dedicated space for non-state actors to engage and mobilise under the UNFCCC, with a focus on seven thematic areas, including 'ocean and coastal zones'. Ahead of COP28 in Dubai, the MP-GCA on Ocean & Coastal Zones, with the support of the UN Climate Change High-level Champions, launched the Ocean Breakthroughs to deliver for Climate, Nature and People [67]. Ocean-based solutions have been identified as key to deliver on the Champions' campaigns, namely the Race to Zero and Race to Resilience, and their respective action agendas the 2030 Breakthroughs and the Sharm el-Sheikh Adaptation Agenda.

More and more actors from the private sector are seeing the opportunity to take action on climate change, including ocean-based solutions [68]. With pension funds, asset managers, insurance companies and other institutions controlling USD 200 trillion of financial assets globally [69], it is essential to engage private and blended capital in investing into the sustainable ocean economy if we are to meet climate (as well as nature) goals.

A lack of awareness around the importance of a healthy ocean to achieve the Paris Agreement, alongside perceived risks, limited finance vehicles, and an underdeveloped pipeline of products have restricted significant capital flows into this sector by both governments and non-state actors.

Investments to regenerate and protect blue natural capital, as well as build resilience in climate vulnerable coastal communities and Small Island Developing States are lagging far behind those made to reduce carbon emissions, despite the strong interconnections between a stable climate, a biodiversity-rich and healthy ocean, and a resilient future. Meanwhile, an unsustainable ocean economy poses significant financial risks. For example, the value at risk faced by investors from maintaining current practices in the blue economy amounts to more than $8.4 trillion. The transition to a sustainable blue economy could reduce this by more than $5.1 trillion [70].

Mobilising finance to get it to where it is needed the most requires the development of impactful projects and project pipelines that prospective financiers, be they private or public, debt or equity [71], commercial or philanthropic – or any form of blended finance – can coalesce around and support [72]. Governments can provide the derisking tools (guarantees or public sector finance) as well as the enabling environment to support this, aligning financial flows with ocean conservation goals, facilitating investments into sustainable technologies, and supporting the transition to a regenerative and sustainable blue economy through clear, effective policy measures [73].

For example, in shipping, the International Maritime Organization (IMO) set a sector target of net-zero emissions by 2050 [74] which presents investment opportunities in zero emission fuels and advanced biofuels, in green shipping corridors and ports, and in other zero-carbon shipping infrastructure. Similar investment opportunities exist in other ocean economy sectors such as offshore renewable energy, ocean conservation, nature-based infrastructure solutions, and blue food systems.

RECOMMENDED ACTIONS:

- **Mobilise financial resources from both public and private sectors**, including businesses, commercial banks, and investors, through public-private partnerships which can align with innovative financing mechanisms that ensure industry and market support for a healthy ocean, integrating mitigation, adaptation, and just transition considerations into investment strategies. This includes tools such as **blue bonds and sustainability linked bonds**. Furthermore, **convergence on ocean finance-related standards, frameworks and ocean-related taxonomies will support greater transparency**, accountability and harmonisation to support investor confidence, including through **government efforts to support the sharing and interoperability of data across the public-private and country divide** to measure progress and impact against shared frameworks.
- **Recognise Ocean investment as a climate solution** with NDCs acting as roadmaps to do so. The more specific and detailed these strategies are, the more easily non-state actors can support their actions. Thus, the public sector can incentivize integrated action on climate and nature by the private sector. This can influence the pace of demand creation for sustainable ocean business. Further, **clear development strategies for Sustainable Ocean Plans and implementing marine spatial plans will create policy clarity** on what development will take place and where, building confidence for industry and investors to participate and invest.
- **Drive accelerated climate action and investments through the Ocean Breakthroughs into five key ocean sectors: marine conservation, ocean renewable energy, shipping, aquatic foods and coastal tourism.** The Breakthroughs establish turning points for each of these sectors to be achieved by 2030 so as to deliver a resilient, nature-positive and net-zero world in 2050.
- **Activate concessional financing through blended approaches to scale investment and build out a regenerative and sustainable ocean economy project pipeline in the Global South.** This includes collaborations between development financial institutions, philanthropies, the private sector and financial institutions (including local partner banks) to drive investment forward, build capacity and deliver sustainable investment across relevant sectors.
- **Develop and deliver de-risking investments (guarantees and insurance) and align investment parameters are key to encouraging further private investment into developing markets, Small Island Developing States and sustainable technologies.**

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Acronyms:

AF	Adaptation Fund
CBD	Convention on Biological Diversity
COP	Conference of the Parties
FRLD	Fund for Responding to Loss and Damage
GCF	Global Environment Facility
GEF	Green Climate Fund
GGA	Global Goal on Adaptation
ITMOs	Internationally Transferred Mitigation Outcomes
MEA	Multilateral Environmental Agreement
NCGQ	New Collective Quantified Goal on Climate Finance
REDD+	Reducing emissions from deforestation and forest degradation
SBSTA	Subsidiary Body for Scientific and Technological Advice
UNFCCC	United Nations Framework Convention on Climate Change

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