

ORRAA Policy Brief: UNFCCC COP28

The 2023 UN Climate Change Conference – also known as COP28 - will be a milestone moment to chart the path forward for addressing climate change, integrating the importance of the Ocean for climate action, and scaling Ocean-climate finance.

Advocates are looking towards this COP as a significant opportunity also to drive action at the nexus of climate and biodiversity, building on the development of the Kunming-Montreal Global Biodiversity Framework and the agreement on a new UN High Seas Treaty, together with the ambition of the UAE COP Presidency in one of its [central themes](#): putting nature, people, lives and livelihoods at the heart of climate action.

At COP28, the first Global Stocktake process will identify gaps in climate progress and potential pathways to address them, critical to framing and ratcheting up climate ambition and action over the next five years and beyond. The initial [state of the Global Stocktake is clear](#): limited progress has been made and significantly more ambition, finance, and action is needed if the world is to meet its Paris targets.

And finally, COP28 will also look to adopt a framework on the implementation of the Global Goal on Adaptation, and hopefully see progress in the development of financial mechanisms and commitments for addressing Loss and Damage.

Recommendations

Given the urgency of driving ambitious outcomes, COP28 must prioritise the central role of the ocean in climate action and work towards building resilient coastal communities and supporting a regenerating ocean. These solutions must be backed up with concrete financial commitments and pathways to deliver strong outcomes for the ocean. These include:

1. **Significantly scaling finance commitments and accelerating climate finance flows into mitigation and adaptation action** that support the protection and restoration of coastal and ocean natural capital within and beyond national jurisdictions, including through targeted investments into Nature-based Solutions.
2. **Securing government commitments to new and more ambitious NDCs and national climate action plans that include the ocean and recognise the rights of coastal communities**, helping to restore the ocean's capacity to sequester and store blue carbon, and ensuring positive local social, economic and ecological impacts through the application of critical guardrails and standards such as outlined in the [High-Quality Blue Carbon Principles & Guidance](#).

3. **Ensuring that the role of coastal blue carbon ecosystems is recognised and integrated across UNFCCC negotiations** for their role in mitigation, adaptation, and averting and minimising losses & damages, together with strengthened understanding of financing options for coastal ecosystem restoration including through Article 6, the voluntary carbon market, and non-market financing options.
4. **Supporting a moratorium or precautionary pause on deep-seabed mining within and beyond national jurisdictions**, emphasising the need to preserve the delicate balance of our underwater ecosystems and in accordance with the precautionary principle.
5. **Recognising alignment with the Kunming-Montreal Global Biodiversity Framework and calling for the swift ratification of the High Seas Treaty** to enhance ambition and accelerate implementation of integrated ocean-climate action with coherent pathways for scaling financing for ocean-based climate solutions.

At COP28, ORRAA will work to elevate and advance the global narrative on ocean risk and coastal resilience, together with practical, scalable financial solutions, including by showcasing new announcements, donor commitments, and investments; convening policymakers, finance leaders and investors; mobilising political and financial commitments for blue finance; and demonstrating investment-ready Nature-based Solutions ready to be scaled to increase ocean resilience and build the resilience of coastal communities, particularly in the Global South.

Driving Financial Solutions for Ocean-Climate Action

Building on the outcomes of the Ocean-Climate Dialogue at SBSTA 58, we encourage that COP28 include a focus on advancing both political and financial commitments ocean-climate action, including:

1. **Building an investable pipeline from the bottom up** – by incubating, innovating & implementing products like micro-insurance for small scale fishers; macro-insurance for coral reef and mangroves; and the development of high-quality blue carbon products that have guardrails and safeguards around them. These should be nature and climate positive, locally-led and apply a gender lens so that the cross-cutting benefits flow across several SDGs, including SDGs 1, 2, 3 5, 6, 7, 11, 13, 14 and 17.
2. **Filling the gap for the ‘missing middle’** – taking the products and projects that have benefited from grant or seed funding and activating investment at the USD\$1-10million ticket size that is needed to **grow them into investable propositions for the private sector**. This is particularly important for SIDS and coastal LDCs. It also includes investing into technical capacity on the ground to

deliver the enabling policy conditions in-country as well as across regions and globally.

3. **Working from the top-down to grow a global ocean finance ecosystem** that can invest at scale (at sovereign/national and regional levels) through bonds, debt restructuring, and de-risking tools like insurance and guarantees. This includes delivering specific dollar commitments from the public sector to meet the 30x30 Global Biodiversity Framework funding gap for the Ocean as well as activating specific public sector commitments for adaptation and resilience finance that deliver ocean-based sustainable blue economy outcomes. These also will encourage the inflow of private sector finance into the space and build its long-term sustainability.

A Deeper Dive: COP28 Agenda Priorities

Culmination of the first Global Stocktake of progress towards the Paris Agreement

- The first Global Stocktake will culminate at COP28, identifying gaps in climate progress and potential pathways to address them – critical to framing and ratcheting up climate ambition and action over the next five years and beyond.
- The GST is a process for Parties and non-Party stakeholders to evaluate where they are making progress towards the goal of the Paris Agreement, and where they are not.
- The initial [GST Synthesis Report](#) is clear: limited progress has been made and significantly more ambition, finance, and action is needed if the world is to meet its Paris targets.
- The GST should serve as an opportunity for course correction, by identifying the gaps in implementation, and ramping up ambition and action on solutions.
- ORRAA recommends that the GST outcomes and recommendations should fully reflect and prioritize the role of nature, biodiversity, and the Ocean in realizing the goals of the Paris Agreement.

Taking Forward the Loss & Damage Funding Facilities

- At COP27, after decades of advocacy by Small Islands Developing States and Least Developed Countries for support in coping with the impacts of the climate crisis, Parties agreed to establish Loss and Damage (L&D) funding arrangements to support developing countries in responding to and averting, minimising, and addressing loss & damage, with a focus on mobilising new and additional resources.

- L&D refers to the effects of climate change that are beyond current means of adaptation, reflecting the significant impact climate change is already having on livelihoods, infrastructure, and ecosystems around the world. Millions of people are facing the immediate and unavoidable impacts of climate change through both slow onset events (such as sea level rise, increasing temperatures, droughts, ocean acidification, loss of biodiversity and ecosystem services, and glacial retreat) and rapid onset events (such as floods, wildfires, hurricanes, and cyclones), leading to economic and non-economic losses.
- The loss and degradation of ecosystems, exacerbated by climate change, is a major component of loss and damage.
- At COP28, the focus will be on operationalising the new L&D funding facilities, including mobilising sufficient resources, how the funds will be distributed, where they will be housed, and what activities will be supported.
- Key outcomes from COP28 will be the definition of clear guidelines for financing L&D funding facilities, together with drafting the operational guidelines for the scope and mechanisms.
- ORRAA encourages that the new L&D financing facilities, and negotiations under the Santiago Network on technical support, both (1) acknowledge and integrate the role of nature, biodiversity and the ocean; and (2) integrate the role of non-traditional financial commitments and solutions, such as insurance programmes for extreme weather events.

Adoption of the Global Goal on Adaptation

- COP27 saw significant developments on adaptation, particularly around negotiations to move forward the Global Goal on Adaptation (GGA).
- The implementation of the GGA focuses on tracking and assessing countries' progress on adaptation, to recognise achievements and identify gaps in addressing adaptation needs.
- At COP28, Parties are primed to adopt the GGA, which aims to provide greater accountability for adaptation action, and support delivery of the finance needed to reach the global goal, including delivering some USD\$40 billion annually in adaptation finance by 2025 as pledged at COP26.
- A significant challenge on the adaptation agenda is the distinct gap in finance for resilience.
- Only approximately [7% of global climate finance flows are spent on adaptation, \(representing roughly 10% of what is needed\)](#) and only [1.4% of this on nature-based solutions for adaptation](#). The amount of this to coastal and ocean solutions is negligible. Available finance is also not reaching [those on the front lines of climate change](#).
- ORRAA encourages that the Global Goal on Adaptation recognise and integrate the role and potential of NbS and ecosystem integrity, particularly in ocean and coastal systems, as a critical pathway to build resilience and

enhance countries' adaptation actions. This builds on the decisions from COP27 under the Glasgow-Sharm el Sheikh work programme on the GGA, which recognised potential cross-cutting themes of oceans and coastal ecosystems, terrestrial and freshwater ecosystems, and biodiversity.

- The GGA should also strengthen and create the enabling conditions for adaptation action, including increasing overall investment on adaptation finance, and specifically finance for NbS.
- COP27 also saw the launch of the '[Sharm el-Sheikh Adaptation Agenda](#)' in collaboration with the High-Level Champions and the Marrakech Partnership, intended to accelerate collaboration between Parties and non-Party stakeholders - including countries, regions, cities, businesses, investors and civil society - to enhance the resilience of people living in the most climate-vulnerable communities by 2030. Coastal & Ocean Systems are a core theme, with identified adaptation "Breakthroughs" including coastal ecosystem restoration (mangroves, coral reefs, seagrasses, marshes and kelp forests) and the protection of urban coastlines through both grey & hybrid solutions.

Connecting the climate and biodiversity crises for the ocean

- COP27 saw incredible and significant developments on the urgency of integrated climate-biodiversity action, including underlining: *"the urgent need to address, in a comprehensive and synergetic manner, the interlinked global crises of climate change and biodiversity loss in the broader context of achieving the Sustainable Development Goals, as well as the vital importance of protecting, conserving, restoring and sustainably using nature and ecosystems for effective and sustainable climate action"*. ([Decision 1/CP.27, paragraph 1](#)).
- COP27 also urged Parties *"to consider, as appropriate, nature-based solutions or ecosystem-based approaches, taking into consideration United Nations Environment Assembly resolution 5/5 for their mitigation and adaptation action while ensuring relevant social and environmental safeguards"* ([Decision 1/CP.27, paragraph 52](#))
- Together with renewed commitment to the Ocean-Climate Dialogue, Parties were also encouraged *"to consider, as appropriate, ocean-based action in their national climate goals and in the implementation of these goals, including but not limited to nationally determined contributions, long-term strategies and adaptation communications"* ([Decision 1/CP.27, paragraphs 49 and 50](#)).
- Since COP27, we have seen significant developments on driving integrated ocean-climate-biodiversity action, including the adoption of the Kunming-Montreal Global Biodiversity Framework, the adoption of the High Seas Treaty, and World Trade Organization agreement on prohibiting perverse fishing subsidies.

- These commitments include efforts to combat illegal, unreported and unregulated fishing, protecting and restoring marine and coastal ecosystems, committing to the 30x30 biodiversity protection goal (both in national EEZs and the High Seas) and recognition of the need to align financial flows with nature to avoid supporting environmental harm.
- COP28 outcomes should thus recognise and welcome synergies across UN processes, including on 30x30 commitments with the Kunming-Montreal Global Biodiversity Framework and High Seas Treaty, to help enhance ambition and accelerate implementation.
- In addition, COP28 outcomes should encourage that ocean-based climate commitments and actions are scientifically robust and adhere to critical standards and social and ecological safeguards to deliver high-quality outcomes for coastal and marine ecosystems and communities, and actively exclude activities that are biodiversity negative.

Blue Carbon Markets

- As governments and organisations race to achieve their net-zero commitments, the global voluntary carbon market is estimated to grow to USD\$50 billion by 2030.
- High-quality nature-based carbon credits serve as a powerful tool for driving climate mitigation and resilience through the conservation and restoration of nature.
- Blue carbon currently represents a very small part of the voluntary carbon market, but demand is rapidly increasing.
- At COP27, Parties provided guidance for operationalising cooperative approaches under Article 6 of the Paris Agreement, covering both market and non-market mechanisms.
- Article 6 of the Paris Agreement establishes the mechanism for cooperation among Parties in achieving their national commitments, including through carbon trading.
- While Article 6 does not regulate the voluntary carbon market, the existence of the two markets in parallel has raised questions of double counting, e.g.: whether a credit could be counted towards a country's NDC while also claimed as a voluntary offset, or if corresponding adjustments at the national level would need to be made for credits in the voluntary market.
- This continued uncertainty on corresponding adjustments has led to some countries restricting the voluntary carbon market, whether in pausing project development or suspending issuance of VCM credits.
- At COP28, Parties are expected to establish further implementation guidance to address uncertainties between the voluntary and non-voluntary carbon markets with regards to corresponding adjustments. This guidance has the



29/09/2023

potential to stimulate more enabling national policy environments for blue carbon project development.

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Investing in coastal communities and the Ocean
