INTERNATIONAL BLUE CARBON INSTITUTE

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BEYOND CARBON CREDITS

Non-Carbon Market Approaches for Conserving and Restoring Blue Carbon Habitats

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What Are Non-Carbon Market Approaches?

UNEP calls for **3x finance for NBS by 2030** – innovative financing mechanisms are needed to achieve these goals. This Primer intends to demonstrate the **variety of financing options needed to support healthy blue carbon ecosystems** <u>beyond</u> carbon markets.

Understanding Non-Carbon Market Approaches:

- Any approach that does not involve the transfer/trade of mitigation outcomes (carbon credits) from one party to another.
- Article 6.8 of the Paris Agreement lays out intent to establish a centralized web-based platform for parties/stakeholders to submit projects with no tradeable carbon asset.
- Can involve trading on markets – just not <u>carbon markets.</u>
- Emerging markets for nature, biodiversity and resilience credits can be considered non-carbon market approaches
- Not all projects are designed or well-suited to generate high-quality credits or enough credits to make this a feasible financing

Some examples of non-carbon market approaches:

Payments for Ecosystem Services: Paying environmental stewards for protection to conserve the services ecosystems provide (fisheries, flood protection).

Results-based Payments: One party paying another for climate action contingent on pre-determined goals (targets to reduce mangrove deforestation – when met and verified payments are made).

Debt-for-Nature Swaps: Forgiving or refinancing part of a country’s debt to another with condition of these finances being used for specific climate or NBS (Government of Belize and The Nature Conservancy has converted $364m of debt = $180m towards coastal conservation).

Non-carbon market approaches still follow the principles of a high-quality blue carbon project but without the need to meet all rigorous eligibility criteria required under a carbon market approach, offering attractive alternatives to financing.