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**HIGH LEVEL
AMBITION GROUP**
ON BLUE CARBON

The HILAG Blue Carbon Financial Toolbox

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The High-Level Ambition Group on Blue Carbon

- Functions as a platform through which governments can state their ambitions and commitments to blue carbon.
- HILAG'S lines of actions:
 - Drive and scale countries' international commitments to and investments in blue carbon actions.
 - Facilitate alignment and collaboration between high-level commitments globally.
 - Build the policy, science and finance enabling conditions for high-quality blue carbon actions and impact globally.
 - Lay the groundwork for the development of public-private climate finance approaches for blue carbon projects.

HILAG members commit to increasing ambition

Improving national policy, regulations and management plans.

Implementing conservation and restoration projects, while involving local communities, and applying high-level standards.

Supporting innovative finance mechanisms.

Investing in blue carbon science to increase awareness and engagement.

Improving ambition and coordination in NDCs.

HILAG Blue Carbon Financial Toolbox

- Aims:
 - Enhance effectiveness of blue carbon finance globally
- Key features:
 - Contextualizing blue carbon ecosystems
 - Comprehensive guide to understanding and leveraging financial mechanisms for blue carbon:
 - Mechanisms are presented along with their relevance to blue carbon, typical project scale, real-life examples along with corresponding guidance materials,
 - Compilation of existing guidance documents on financial mechanisms relevant to blue carbon
 - Analysis of PDBs and DFIs' roles in blue carbon finance

Bridging Gaps in Blue Carbon Finance

- Provides a framework for diverse stakeholders:
 - Policymakers
 - Investors
 - Project developers
 - Local communities
- Highlights innovative financing mechanisms:
 - Blended finance approaches
 - Blue bonds
 - Carbon credits
 - Ecosystem service insurance
- Aligns financial strategies with international climate and biodiversity goals
- Designed to be a dynamic, updateable resource

Navigating Blue Carbon Finance: A Snapshot



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Mechanism	Description	Typical Project Scale	Examples
Government Funding & Domestic Budgets	Allocation of financial resources through national budgets for environmental initiatives.	National to international scale projects: 1000-10,000ha	1. Australian Emissions Reduction Fund ; 2. French Biodiversity Strategy and Blue Carbon Facility
Taxes, Levies, Surcharges	Revenue generated from specific activities earmarked for specific blue carbon projects.	Multiple Scales	1. Seychelles' Tourism Environmental Sustainability Levy ; 2. Palau's Environmental Impact Fee ; 3. Belize's Conservation Fee
Rolling Covenants	Flexible legal agreements allowing for changes in coastal land use over time to accommodate ecosystem migration.	Local Projects: 100-100ha (Bell-James et al., 2021.)	1. Explored in Australia for managing coastal zones
Intergovernmental Funding and PDBs	Financial support from international organizations for environmental projects in developing countries.	National to international scale projects: 1000-10,000ha (CSIRO, 2022)	World Bank's PROBLUE & WAVES ; GEF's Blue Forests Project ; EU's LIFE Blue Natura program ; Blue Natural Capital Financing Facility (BNCF) ; & Blue Carbon Accelerator Fund (BCAF) ;
Blended Finance	Blended finance is an approach that combines public or philanthropic funds with private capital to mitigate risks and enhance returns for private investors.	Multiple scales	1. Mikoko Pamoja project in Kenya ; 2. Ocean Risk and Resilience Action Alliance (ORRAA); 3. ORRAA's Sea Change Impact Financing Facility (The Octopus Desk) ; 4. Blue Carbon Accelerator Fund (BCAF)
Debt-for-Nature/Climate Swaps	Debt forgiveness in exchange for environmental conservation commitments.	Multiple Scales	1. Seychelles debt restructuring deal with TNC ; 2. Barbados Debt-for-Nature Swaps ; 3. Ecuador Debt-for-Nature Swap for the Galapagos
Common Asset Trusts	Governance structures designed to manage and protect natural capital assets as public goods.	Multiple Scales	1. No applicable example on Blue Carbon
Bilateral Donors	Direct country-to-country financial and technical assistance for development projects.	Multiple Scales	1. UK Blue Carbon Fund and Blue Planet Fund ; 2. Blue Natural Capital Financing Facility ; 3. Blue Carbon Accelerator Fund
Public-Private Partnerships (PPPs)	Collaborative agreements between government and private sector companies to leverage expertise and capital.	National to international scale projects: 1000-10,000ha (CSIRO, 2022)	1. Indonesia's PPP for Mangrove Restoration ; 2. ORRAA's Sea Change Impact Financing Facility
Trust Funds	Legal structures managing and disbursing funds from various sources to support environmental outcomes.	Multiple scales	1. Seychelles Conservation and Climate Adaptation Trust (SeyCCAT) 2. North Efate Conservation Trust (NECT) ; 3. ORRAA's Sea Change Impact Financing Facility

^[1] Scales are mainly based on CSIRO (2022) recommendations where available. Actual applicability may vary depending on specific project circumstances and local conditions.

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Covers 20+ funding approaches across public, private, and market sectors,* with examples and references to guidance documents to delve into details about specific mechanisms.**

Public Sector Mechanisms	Sub-types	Example
Government Funding & Domestic Budgets	Direct Budget Allocations, Grants and Subsidies, Tax Incentives and Rebates, International Development Aid, Bonds, Environmental Funds, Local Administration Funding	France's Blue Carbon Facility
Taxes, Levies, Surcharges	Coastal Development Impact Fees, Tourism Eco-Tax, Carbon-Intensive Industry Levy, Recreational Boating and Fishing Surcharge, Port Authority Blue Carbon Fee	Seychelles' Tourism Environmental Sustainability Levy
Intergovernmental Funding and PDBs	Grants, Concessional Loans, Results-based Financing, Technical Assistance	World Bank's PROBLUE program
Rolling Covenants	Flexible property agreements that balance short-term land use with long-term conservation, requiring landowners to adapt as sea levels rise by phasing out uses like agriculture and creating buffer zones for ecosystem migration.	This model remains at the conceptualization stage

Note:

**Some examples may align with several mechanisms simultaneously.*

***When available.*



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Covers 20+ funding approaches across public, private, and market sectors,* with examples and references to guidance documents to delve into details about specific mechanisms.**

Private Sector Mechanisms	Sub-types	Example
Blended Finance	Public-Private Partnerships, Risk Mitigation Instruments, Structured Funds	Ocean Risk and Resilience Action Alliance (ORRAA)
Public-Private Partnerships	Build-Operate-Transfer, Design-Build-Finance-Operate, Concessions	Indonesia's PPP for Mangrove Restoration
Impact Investing	Equity Investments, Green Bonds, Social Impact Bonds	Livelihoods Carbon Fund
Corporate Social Responsibility	Direct Funding, In-kind Contributions, Employee Engagement Programs	Apple's support to Mangrove Restoration in Colombia
CSOs and NGOs	Project Implementation, Capacity Building, Advocacy	Conservation International's Blue Carbon Program
Microfinance & Sustainability-Linked Loans	Micro-loans, Group Lending, Sustainability-Linked Loans	ORRAA's Ocean Eye Project
Private or Corporate Foundations	Grants, Program-Related Investments, Mission-Related Investments	UBS Philanthropy
Cause-related Marketing	Donation of x % of revenues	LEGO and WWF's Blue Carbon Initiative

Note:

**Some examples may align with several mechanisms simultaneously.*

***When available.*



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Covers 20+ funding approaches across public, private, and market sectors

Market-Based Mechanisms	Sub-types	Example
Voluntary Carbon Markets	Project-based Credits, Jurisdictional REDD+ Credits, Removal Credits	Verra's VM0033 Methodology
National Carbon Markets	Cap-and-Trade Systems, Baseline-and-Credit Systems, Carbon Taxes	Australia's ACCU (formerly Emissions Reduction Fund)
Article 6 of the Paris Agreement	Cooperative Approaches (6.2), Mechanism for Sustainable Development (6.4), Non-Market Approaches (6.8)	Singapore and Ghana's Implementation Agreement
Biodiversity Credits	Species Credits, Ecosystem Credits, Habitat Credits	Australia's Biodiversity Credit Exchange

Note:

Some examples may align with several mechanisms simultaneously



Navigating Blue Carbon Finance



Covers 20+ funding approaches across public, private, and market sectors

Innovative Finance Mechanisms	Sub-types	Example
Debt-for-Nature/Climate Swaps	Bilateral Swaps, Multilateral Swaps, Commercial Debt Swaps	Seychelles debt restructuring deal with TNC
Common Asset Trusts	TBD	This model remains at the conceptualization stage
Trust Funds	Grants, Endowment Funds, Sinking Funds, Revolving Funds	Seychelles Conservation and Climate Adaptation Trust
Bonds	Green Bonds, Blue Bonds, Sustainability Bonds, Resilience Bonds, Municipality Bonds	Seychelles' sovereign blue bond
Payment for Ecosystem Services	Carbon Sequestration PES, Watershed PES, Biodiversity PES	Mikoko Pamoja Project in Kenya
Ecosystem Service Insurance	Parametric Insurance, Indemnity Insurance	Mesoamerican Reef Insurance
Credit Stacking	Carbon-Biodiversity Stacking, Water Quality-Carbon Stacking	The Nature Conservancy's Blue Carbon Resilience Credits
Private or Corporate Foundations	Grants	UBS Philanthropy

Note:

Some examples actually align with several mechanisms simultaneously



A Synthesis of Existing Guidance



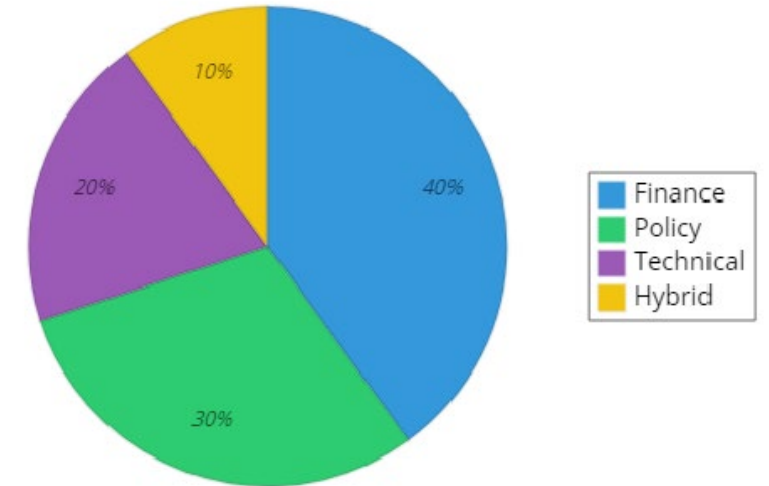
Content:

- Comprehensive review of 30+ guidance documents
- Sources include international organizations, research institutions, and multi-stakeholder initiatives

Focal areas:

- Policy integration and international frameworks
- Innovative financing mechanisms (e.g., blended finance, blue bonds)
- Carbon markets and ecosystem service valuation
- Community engagement and benefit-sharing
- Measurement, reporting, and verification (MRV) standards
- Capacity building and knowledge transfer

Guidance Types



Snapshot of Guidance Materials for Blue Carbon Finance



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Description

Document/Resource	Description
Coastal Blue Carbon: An Introduction to Policymakers (IPBC)	Overview of major international frameworks and conventions that address the conservation, restoration, and sustainable use of coastal blue carbon ecosystems.
Blue Forest Finance (CSIRO)	Comprehensive guide to financial mechanisms for blue carbon ecosystems, covering market-based transactions, investment enablers, risk transfer mechanisms, and blended finance approaches.
Unlocking Blue Carbon Finance (World Bank)	Framework for mobilizing investments in blue carbon ecosystems using innovative financial mechanisms, emphasizing policy support, stakeholder engagement, and capacity building.
Blue Carbon Country Readiness Framework (IFC)	Decision tree approach for governments to evaluate and enhance their readiness for blue carbon projects, focusing on data & analytics, policy & institutions, and finance.
Deep Blue - Opportunities for Blue Carbon Finance (IFC)	Analysis of the emerging blue carbon market, examining market dynamics, trends, and strategies to overcome barriers in coastal ecosystems.
Repurposing Harmful Subsidies (World Bank)	Detailed analysis and recommendations for reforming environmentally harmful subsidies across sectors affecting air quality, land use, and oceans.
Protecting Seagrass Through PES (UNEP)	Framework for community-based seagrass conservation projects using Payments for Ecosystem Services, covering project requirements and implementation.
Responsible Finance for Blue Carbon Ecosystems (WWF)	Comprehensive framework for sustainable and equitable financing of blue carbon ecosystems, outlining financing approaches and key recommendations.
High-Quality Blue Carbon Principles and Guidance (WEF, ORRAA, Salesforce, CI, TNC)	Principles and guidance for developing high-quality blue carbon projects that deliver triple benefits for people, nature, and climate.
Bonds to Finance the Sustainable Blue Economy (ADB)	Comprehensive guidance on financing the Sustainable Blue Economy through bond issuance, covering market potential, concepts, and processes.
Coastal Blue Carbon and Article 6 (IUCN)	Exploration of using Article 6 of the Paris Agreement to finance and implement coastal blue carbon initiatives, discussing mechanisms and challenges.
Blue Infrastructure Finance (BNCF)	Comprehensive framework for financing blue infrastructure projects. It identifies financing gaps and barriers, financing mechanisms, highlights the role of PDBs, and provides recommendations for stakeholders to promote blue infrastructure finance.
Blue Carbon Academy (Fair Carbon)	Educational program providing comprehensive training on blue carbon project development, finance, and implementation.



Inventory of blue carbon support from PDBs, DFIs and other relevant organizations



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Type of Organization	Development Banks (Multilateral & Regional)	Trust Funds	National Development Agencies	Others
Grants	World Bank; GCF; AIIB; EIB; ADB; Caribbean Development Bank; Inter-American Development Bank; Asian Development Bank	GEF; French GEF (FFEM)	USAID; FCDO; Global Affairs Canada (GAC); AFD; KfW; JICA	ITFC
Concessional loans	World Bank; GCF; AIIB; EIB; ADB; Caribbean Development Bank; Inter-American Development Bank; Asian Development Bank		AFD; KfW; JICA	
Project-specific loans	World Bank; GCF; AIIB; EIB; ADB			
Co-financing mechanisms with other donors	World Bank	GEF		
Regional investment programs	World Bank; IFC; GCF; Caribbean Development Bank; Inter-American Development Bank; Asian Development Bank		USAID; FCDO; GAC; NDF	
National investment programs			USAID; FCDO; GAC	
International investment programs	World Bank; IFC; GCF		USAID	
Local investment programs		GEF; FFEM	AFD; USAID	UNDP
Blended finance mechanisms	EIB; ADB; EBRD		AFD; FCDO; JICA	
Equity investments	IFC; AIIB; EIB; EBRD		AFD (Proparco)	
Private sector investments	IFC; GCF; AIIB			
Grants and technical assistance funded through bilateral agreements		GEF	USAID; FCDO; GAC; AFD; KfW; JICA	
Grants and technical assistance funded through multilateral agreements	World Bank; GCF			
PES	World Bank; ADB	GEF SGP	AFD; KfW; USAID	UNEP
Biodiversity Credits	World Bank; EIB; IFC	GEF; MAR Fund	AFD; KfW	ITFC; UNEP; UNDP
Blue Carbon Credits		MAR Fund	AFD	ITFC
Public-Private Partnerships			KfW	

Next steps:



- Additional review by blue carbon finance experts
- **Stakeholder consultations:**
 - **Scale of projects for each financial mechanism** based on real-life experience
 - Completing the **list of examples** for comprehensiveness
 - PDBs and DFIs support to blue carbon (through the Finance in Common global network of PDBs)
- **Opportunities to enhance the Toolbox:**
 - **Developing a decision tree** for the broader BC community to identify relevant financial mechanisms and how to develop a blended approach
 - Further research on **Article 6** and the **Blue Carbon Credits Market**





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THANK YOU

If you would like to participate in the review process and/or the stakeholder consultations, please do not hesitate to reach out to me during the event or by email at: s.henry@unesco.org

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Mechanism	Description	Typical Project Scale	Examples
Voluntary Carbon Markets	System where organizations voluntarily buy carbon credits from projects that sequester or avoid carbon emissions.	Local Projects: 100-100ha and Regional projects: 100-1,000 ha (CSIRO, 2022)	Verra: VM0033 Methodology for Tidal Wetland and Seagrass Restoration; VM0007; Gold Standard's Blue Carbon and Freshwater Wetlands;
National Carbon Markets	Regulatory frameworks established by governments to cap and reduce GHG emissions through cap-and-trade systems or carbon taxation incorporating blue carbon projects.	Local Projects: 100-100ha and Regional projects: 100-1,000 ha (CSIRO, 2022)	1. Australia's Emissions Reduction Fund (ERF) and the Australian Carbon Credits Unit Scheme 2. France's Carbon Label Methodologies for Mangroves and Seagrasses
Article 6 of the Paris Agreement	Framework for international cooperation on climate change mitigation, offering potential for scaling up blue carbon projects.	Local Projects: 100-100ha and Regional projects: 100-1,000 ha (CSIRO, 2022)	1. Singapore and Ghana's Implementation Agreement
Biodiversity Credits	A biodiversity credit is a certificate that represents a measured and evidence-based unit of durable positive biodiversity outcome.	Multiple scales	1. Biodiversity Credit Alliance ; 2. Australia's Biodiversity Credit Exchange ; 3. Plan Vivo's Biodiversity Standard



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Mechanism	Description	Typical Project Scale	Examples
Bonds (Green, Municipal, Blue, Impact)	Bonds are debt-based financial instruments used to raise capital in global markets for various purposes, including sustainable and environmental projects.	Regional to International projects: 100-1,000 ha and 1000-10,000ha	1. Seychelles' sovereign blue bond ; 2. HSBC's Mangrove Bond ; 3. BBVA Colombia Blue Bond 4. Belize Blue Bond ; 5. Indonesia's Samurai Blue Bond ; 6. ORRAA's Sea Change Impact Financing Facility – Blue Bonds Incubator
Payment for Ecosystem Services (PES)	Market-based mechanism in which beneficiaries or users of ecosystem services provide payments to the stewards or providers of those services.	Local Projects: 100-100ha	1. Vietnam's PFES program ; 2. Mikoko Pamoja Project in Kenya
Credit Stacking	Generating and selling multiple types of environmental credits from a single project.	Multiple scales	1. The Nature Conservancy's Blue Carbon Resilience Credits
Ecosystem Service Insurance	Innovative financial mechanism designed to protect and restore natural ecosystems by providing insurance coverage for their ecological functions and services.	Multiple scales	1. Mesoamerican Reef Insurance ; 2. ORRAA's Save the Waves Project & Partnership with MarViva
Impact Investing	Investments aimed at generating positive social and environmental impact alongside financial return.	Multiple scales	1. The "Arrecifes del Sureste" MPA in Dominican Republic (Pascal et al., 2021); 2. Danone and the Livelihoods Carbon Fund ; 3. ORRAA's Sea Change Impact Financing Facility (Nautilus Ocean Guarantee; Outrigger)
Corporate Social Responsibility (CSR)	Companies' ethical obligation to contribute positively to society and the environment.	Multiple scales	1. Apple's Mangrove Restoration in Colombia ;
CSOs and NGOs	Funding and initiatives led by civil society organizations and non-governmental organizations.	Multiple scales	1. Conservation International's Blue Carbon Program 2. The Nature Conservancy's Blue Carbon initiatives
Microfinance & Sustainability-Linked Loans (SLLs)	Expanding access to microloans for individuals and small businesses engaged in blue carbon efforts through Microfinance Institutions (MFIs).	Local Projects: 100-100ha	1. ORRAA's Ocean Eye Project ; 2. ORRAA's Sea Change Impact Financing Facility
Private or Corporate Foundations	Funding from private or corporate foundations for conservation projects, usually in the form of grants.	Multiple scales	1. UBS Philanthropy ; 2. Business Alliance to Scale Climate Solutions Blue Carbon Buyers Alliance
Cause-related Marketing (CRM)	Collaboration between business and nonprofit to benefit a cause while driving business objectives.	Multiple scales	1. Patagonia and the Conservation Alliance ; 2. LEGO and WWF's Blue Carbon Initiative ;

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