

# Checklist | Blue Carbon Readiness Framework



PILLAR

3

**FINANCE**

**LEVERAGE BLUE CARBON INVESTMENT**

## ✓ CHECKLIST 9

### Developing a Carbon Finance and Investment Framework

Any such framework should start with an assessment of how existing funding flows (including government, and private funded ones) benefit or disadvantage BCE. It is recommended to apply the Blue Public Expenditure Review: <https://documents1.worldbank.org/curated/en/789491639977748921/pdf/Blue-Public-Expenditure-Review-Guidance-Note.pdf>



1. Check for positive flows:

- a. MPA design and management
- b. Law enforcement
- c. Capacity-building
- d. Sustainable supply chain investment, and more



2. Check for negative flows: recommended publication as guidance <https://openknowledge.worldbank.org/entities/publication/4217c71d-6cbc-46b6-942c-3e4651900d29>

- a. Subsidies into industrial fishing
- b. Subsidies for non-sustainable aquaculture
- c. Agricultural subsidies that incentivize the extension of farmland
- d. Agricultural subsidies that incentivize the overuse of fertilizers
- e. Other.



3. Then, survey financing approaches and sources/instruments  
Recommended literature as guidance: <https://thedocs.worldbank.org/en/doc/916781601304630850-0120022020/original/FinanceforNature28Se.pwebversion.pdf>  
<https://documents1.worldbank.org/curated/en/099060123121542587/pdf/>

- a. Existing, planed, or potential investments in restoration, conservation, or sustainable management of BCEs.  
**Note:** Promote private sector initiatives and create institutional structures for private sector and community involvement. Use of mechanisms such as Article 6
- b. Jurisdictional REDD+/RBCF
- c. Concessional instruments (including blended finance models)
- d. Non-concessional models (including payment for ecosystem services and innovative business)

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4. Set out stable investment parameters for the private sector

- a. Carbon finance and the use of markets
- b. Taxes, fees, charges
- c. Definition and allocation of carbon rights
- d. Government mandate for carbon trading (especially for government owned coastal lands)
- e. Models for community involvement and benefit sharing for Benefit sharing arrangements please visit <https://www.worldbank.org/en/topic/climatechange/brief/enable-enhancing-access-to-benefits-while-lowering-emission>



5. The actual implementation and scale-up will be linked to the deployment of actual financing tools: government-driven and private sector-focused.

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| <p>a. Are there plans to use blended finance, i.e., funding that combines public and private funds?</p> <p>b. Can private finance be mobilized for blue carbon project development? (consider private sector engagement for operational costs, restoration, management, etc) Recommended IFC report: Deep Blue: Opportunities for blue carbon finance in coastal ecosystems <a href="https://climatefocus.com/wp-content/uploads/2023/05/DeepBlue-OpportunitiesforBlueCarbonFinanceinCoastalEcosystems-Optimized.pdf">https://climatefocus.com/wp-content/uploads/2023/05/DeepBlue-OpportunitiesforBlueCarbonFinanceinCoastalEcosystems-Optimized.pdf</a></p> |  |
| <p>b. Are structures and templates available to guide the design and implementation of blended finance opportunities?</p>   | <p>i. Is a regulatory framework in place for public-private partnerships?</p> <p>ii. Can you use MDB-funded programs to promote blended finance opportunities for BCE?</p> |
| <p>c. Are independent debt finance solutions being drawn up, or can they been drawn up? Blue bonds and debt-for-nature swap agreements with a focus on BCE would be prominent examples.</p>   |  |

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6. Does your country plan to use carbon markets for BCE interventions?

a. Consider prioritizing BCE for Article 6 Paris Agreement programs Consider prioritizing BCE for Article 6 Paris Agreement programs and transactions. and transactions.

- i. Can the current legal and regulatory framework accommodate Article 6 transactions, and is this desirable?
- ii. What needs to be put in place to create enabling environment for Article 6 transactions?
- iii. Should rules be adopted regarding approval of programs, monitoring, reporting and verification (MRV) of blue carbon ERs, authorization of ITMOs, registries, corresponding adjustments for Article 6 activities?
- iv. Is there a comprehensive legal and regulatory framework that specifies who owns blue carbon ERs, and how related property rights and interests can be transferred domestically and/or internationally?
- v. Does the relevant agency have the capacity to access blue carbon ER markets, engage with potential buyers or brokers, and negotiate agreements for their sale?

b. Consider incentivizing the development of voluntary carbon projects through

- i. Earmarking government-owned land for carbon market integration
- ii. Creating administrative powers and responsibilities to engage in voluntary carbon markets
- iii. Consider the adoption of a BCE project recognition procedure that provides developers with a guarantee to perform corresponding adjustments.