



**PACIFIC ISLANDS FORUM SECRETARIAT**

PIFS(23)FEMM.12a

**FORUM ECONOMIC OFFICIALS MEETING**

8 August 2023

**FORUM ECONOMIC MINISTERS MEETING**

9 - 10 August 2023  
Suva, Fiji

**AGENDA ITEM 10a: FINANCING FOR OCEANS AND CLIMATE CHANGE**

**Purpose**

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To inform FEMM of developments in the UN Framework Convention on Climate Change (UNFCCC) process around the oceans and climate change nexus, and to propose actions seeking financial resources to support oceans and climate change issues in the region.

**Mandate**

The 2050 Strategy for the Blue Pacific Continent identifies the Oceans and Natural Environment and Climate Change and Disasters as two key thematic areas. The impacts of climate change and disasters and their threats to the future of the region's people and the statehood of many Pacific nations can not be understated. Access to climate finance, disaster risk reduction mechanisms, loss and damage, the nexus between climate change and the ocean are key issues identified that need urgent action at the global and regional level.

Fiji as the regional lead on the ocean-climate change nexus recognises the need to highlight the importance of this agenda through the climate finance perspective. Access to climate finance is needed to support *research and systematic observations, mitigations in the oceans, loss and damage and capacity building*.

**A. Problem/Opportunity Identification**

1. Over the years since the adoption of the UN Convention, there has been increased recognition of the oceans and climate change nexus within the UNFCCC process, however, there are clear ways for this agenda to make greater progress within the UNFCCC machinery. As part of its preparations for the COP23 Presidency, the Government of Fiji set out to build a coalition of concerned Parties for a more in-depth consideration of oceans and climate change issues.

2. This culminated in decisions at COP26 and COP27 that established a process of dialogues as well as seeking to embed oceans and oceans-related issues in various technical bodies under the Convention. The oceans and climate change dialogue that took place in Bonn on the 13 – 15 of June

was an opportunity to raise financing issues relating to the oceans and climate change nexus that are of importance to Pacific Small Islands Developing States (PSIDS) but also to the international community. While the region raised many important issues relating to financing for oceans and climate change, the report on the dialogue will not be issued until September. It will be important for officials to closely analyze that report, understand how it will be considered by COP28, and make appropriate submissions to the COP28 Presidency to ensure that sufficient time is given to its consideration.

3. At the same time there are opportunities within the 2050 Strategy for the Blue Pacific Continent which has oceans as one of its key components.

## **B. Policy Options**

4. There are several options available that are not necessarily incompatible. First, the region submitted a paper to the co-facilitators of the oceans and climate change dialogue setting out the key concerns and suggested areas where financing should be targeted. The region also sought the assistance of the SIDS Bureau member of COP28, the RMI, to request the Presidency to consider blue financing as a key component of any Ministerial events during COP28. Decisions and discussions around the themes that the COP28 Presidency will choose for that Ministerial event are still ongoing, and the region should continue to press for its inclusion, through national and regional statements at relevant events.

5. There may also be other regional and international events that could usefully be informed about financing needs for oceans and climate change issues in the region. These include the Pacific Climate Change Roundtable, the Pacific Meteorological Council taking place in August, as well as preparatory meetings for the UNFCCC.

## **C. Discussion**

6. A detailed discussion paper is attached as **Annex 1**. The paper outlines the background to the issues and sets out some of the priority areas for financing for the region. It is important for Forum Economic Ministers and officials to agree on the process moving forward and the level of commitment that will be required from Members and CROP agencies to progress the matter.

## **D. Next Steps**

7. A regional statement supporting the outcomes from the Bonn dialogue that are relevant to the Pacific region particularly where opportunities exist or are created for ocean financing

8. A draft letter to the RMI COP28 Bureau requesting assistance in lobbying the COP28 Presidency.

## **E. Regional Governance and Engagement Implications**

9. This issue will have to be also brought to the attention of the regional political champions for oceans and climate change, who has yet to be confirmed.

Pacific Islands Forum Secretariat  
6 July 2023

## Oceans and climate change financing

### Introduction

*Why climate change and oceans are important for PSIDS.*

Fiji in its capacity as President of UNFCCC COP23 in 2017 launched the Ocean Pathway initiative at COP23. By working together in partnership, Fiji and Sweden in Bonn announced a two-track strategy for 2020 supporting the goals of the Paris Agreement that includes:

1. Increasing and amplifying the role of the oceans and considerations thereof, in the UNFCCC process; and
2. Significantly increasing action in priority areas impacting or impacted by ocean and climate change.

The Ocean Pathway Partnership recognizes that we are unlikely to achieve the ambition of the Paris Agreement without a relatively healthy ocean and the impacts of climate change on the state of our ocean.

Climate change has been recognized by our Leaders as the most critical threat to the Pacific. Recent scientific analysis of the impact of existing and new nationally determined contributions (NDCs) compared to the “emissions gap” shows that even after the announcements at the US President’s climate change summit, the gap has only been narrowed by 11-14%. Globally we are on track for 2.4 degrees of warming, and an optimistic scenario would indicate a 2 degree warming if all net zero targets are implemented. These developments are still not sufficient. A recent report by the International Atomic Energy Agency (IAEA) states there is an immediate need to halt subsidies toward fossil fuel supply; new unabated coal plants; new oil and gas fields; and new coal mines.

It should also be noted that the oceans, and the Pacific Ocean is the largest ocean, absorbing a very large amount of heat from global warming as well as CO<sub>2</sub>. Without healthy oceans this vital function could be jeopardized.

The Pacific Ocean is our region’s largest resource. Our island Members manage over 10 percent of the world’s ocean in their Exclusive Economic Zone, the world’s largest ocean basin.

Around 75% of the world’s tuna landings come from Pacific waters while 47% of Pacific households list fishing as either a primary or secondary source of income with national fish consumption in the Pacific islands being three to four times the global average and Pacific Ocean-based shipping and tourism provides USD 3.3 billion each year to the national economies of Pacific Island countries and territories.

Yet our oceans are under duress. While over 5 trillion pieces of plastic have been found in the world's oceans, we are still counting. Approximately 80 percent of marine debris originates from land-based activities with the most prevalent types of marine debris being plastic.

The threat of climate change leading to ocean acidification and coral bleaching is a major concern. Increasing ocean acidification is driven by the emission of carbon dioxide into the atmosphere of which approximately 50% is absorbed into the atmosphere, 26% into the land and 24% into the oceans. Thus, acidification is already occurring. Priority concerns include coral reefs, shellfish and tuna.

The climate change induced marine heatwave events have led to widespread, abrupt and extensive mortality of key habitat-forming species as well as mass mortality of wildlife species. This means that marine heat waves are already part of the Loss and Damage experienced by the region. The protection of ecosystems and the environment in the Pacific is of vital importance so that economic and livelihood initiatives can be sustainably managed and developed. For this reason, climate change financing can help our natural systems build resilience and recover through minimising the impacts of ocean-based activities and ocean-related climate change impacts.

Now, more than ever, there is a need for raised awareness at all levels on the importance of our Pacific Ocean, the challenges we will face and the actions we can undertake in our Pacific lifestyles to help save our region's largest resource.

Pacific Islands Forum Leaders Ocean Statement 2021 – Pacific Leaders reaffirmed their “commitment to sustainably manage, use and conserve our Ocean and its resources, as one Blue Pacific, guided by our regional commitments and policy instruments”. This was further elaborated in the 2050 Strategy for the Blue Pacific Continent by Leaders. “All Pacific peoples have an undeniable connection to their natural environment, resources, livelihoods, faiths, cultural values and traditional knowledge. Given our shared stewardship of the Blue Pacific Continent, we have a deep concern for and commitment to the need for urgent, immediate and appropriate action to combat the threat and impacts of climate change; biodiversity and habitat loss; waste and pollution; and other threats. We support our young people to develop their full potential, empower women to be active participants in economic, political and social life and recognise the importance of creating accessible services and infrastructure to enable all Pacific peoples to participate in and benefit from development outcomes.”

Critical to informing where climate finance should support the blue economy work in the region is identifying how the sectors are being impacted by climate change (for example for fisheries in terms of migration and abundance of tuna), and where the sectors could provide alternative livelihoods for other impacts faced by PICs (such as investment in coastal tourism, aquaculture, mariculture, commercial shipping to support food security or diversification of livelihoods). These sorts of projects would come under adaptation funding. In addition, where GHG emissions could be reduced or carbon sinks strengthened there is room for mitigation funding e.g., renewable energy technologies, or energy efficiency modifications or technological upgrades.

The now well-known impacts of climate change on tuna (and other fisheries) migration and abundance leads us to conclude that the issue should be included for consideration in the Warsaw International Mechanism (WIM) for Loss and Damage under slow onset events.

Adaptation mechanisms to support fisheries governance at the national and regional level can be included in GCF funding applications. Adaptation mechanisms include the need to review institutional, legal, and operational aspects of fisheries governance to ensure that decisions can be taken to adapt to impacts of climate change. GCF funding can also support a review of the industrial fishing fleet in the region to identify GHG issues and to address such issues through a phased approach. As the custodians of the world's largest ocean and carbon sink, which is at the heart of our geography, our cultures and our economies the Pacific have demonstrated our leadership and collective resolve to protect the Pacific Ocean. It is our endowment fund, inherited from our ancestors and which we share with future generations. We must care for, invest in and nurture the Ocean to continue to benefit from it.

#### *What PSIDS sought to achieve at COP26 and 27*

There was a concerted effort by PSIDS working with many other concerned countries to raise the level of attention brought to the climate change ocean nexus at COP26, which resulted in the establishment of a formal dialogue on oceans, as well as issuing an invitation to all constituted bodies of the UNFCCC to consider oceans in their work plans. A dialogue was held during the 2022 UNFCCC meetings in Bonn, but the session was a bit unstructured and covered a vast area of interests. PSIDS throughout sought to maintain a clear stance that practical and substantive outcomes have to emanate from the dialogue. However, the report of the dialogue was only introduced at COP27 by the Chair, and there was no debate or space for interventions. There was also a perception of unclear communications to Parties from the Presidency. As a result, PSIDS worked with the Friends of the Oceans group to seek inclusion of oceans and climate change in the covering decision for COP27 – referred to as the key decision from each COP. This involved a lot of informal meetings, further complicated by some delegations seeking to take part that had hitherto been silent on the issues. Nevertheless, a more structured decision was secured as part of decision 1/CP.27.

#### ***Outcomes***

1. Key action elements of these decisions
  - (a) Welcomes the outcomes of, and key messages from the ocean and climate change dialogue held in 2022.
  - (b) Decides future dialogues from 2023 will be facilitated by 2 co-facilitators
  - (c) Co-facilitators will be selected biennially
  - (d) Co-facilitators are responsible for deciding the topics for the dialogue and to conduct the dialogue, in consultation with the Parties and observers

- (e) Co-facilitators are to prepare an informal summary report to be presented to the subsequent session of the Conference of the Parties.
2. Workshops and meetings included in these decisions including dates for these workshops/meetings/dialogues
    - (a) From 2023, dialogues on ocean and climate change nexus commences
    - (b) Constituted bodies are expected to include ocean issues in their work programs as of when these come up for review. To date only the Technology Expert Committee has included ocean issues in their new work programme.
  3. Submissions on specific issues in these decisions including due dates
    - (a) No specific submissions except that the COP27 decision on Oceans further encourages Parties 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. However, the co-facilitators of the dialogue are expected to inform Parties of when they should submit views on topics for the dialogue.

In addition to the above, other key components for Oceans proposed by PSIDS and Friends of the Ocean were left out of 1/CP.27, perhaps due to the length of the proposals and that 1/CP.27 was already a very long text.

Opportunity to discuss oceans and climate change financing in the Oceans Dialogues and at COP28  
 In discussions at COP27 and subsequent interactions, it was decided to nominate Fiji as co-facilitator for the oceans dialogue moving forward. As such there will be an opportunity to revisit the PSIDS key concerns around financing for oceans and climate change. A non-exhaustive set of finance issues has therefore been proposed for discussions within PSIDS.

#### **Areas where climate change financing is most needed**

*Research and systematic observation* – The Pacific does not have enough critical mass in observing systems; some aspects under-covered like sub-regional ocean acidification; research on compounding impacts of climate change in the oceans is lacking with focus mostly on single impacts such as temperature; socio-economic analysis of the impacts the science predicts on the livelihoods of PSIDS. Improved ocean monitoring is critical to support requested economic and resource outlooks, longer term projections and early warning systems. Climate models are typically biased for the Pacific and enhanced observation (time series, spatial coverage) is needed to correct the bias and validate the assumptions of the physics used. Ditto for shorter timeframe outlooks - particularly in coastal regions and to 'ground truth' modelled anticipated changes under GHG scenarios.

*Mitigation in the oceans* – Decarbonizing transportation, fisheries and ports; ocean energy; carbon capture and storage. Great progress has been made in energy efficiency and renewable energy that is applicable to the decarbonizing transportation, fisheries and ports issues. However, access to finance has been complicated. These would be mostly small GHG reducing projects and not

prioritized by international funds or deemed to be worth the cost recovery for Governments, companies or SOEs to make the investment themselves. Ocean energy – nascent technologies but with potential to create surplus energy for PSIDS that could be utilized for other purposes (green hydrogen etc). Carbon capture and storage – deep seabed storage is used in North Sea oil drilling but is subsidized by the oil drilling itself.

Adaptation – what aspects of ocean related livelihoods and biodiversity/ecosystems are at risk from climate change, and what opportunities exist to ameliorate those impacts? Correlation of oceans and climate change data with other relevant indicators such as fish catch and stock sizes to better inform management decisions. Note existing modelling of climate impacts on tuna resources, but a need to enhance these to provide advice to underpin more targeted planning and adaptation options at the national (rather than regional) level. Understanding of finer-scale impacts on coastal fisheries needs to be improved, along with socio-economic and livelihood knock-on effects.

*Loss and damage* – when not enough GHG mitigation has occurred and adaptation measures are inadequate, or not financed, or not implemented in needed timeframes – how to address the loss and damage that will occur?

Technology – technology development and adaption of techniques that fit within the PSIDS context – size, geophysics, etc.

*Capacity building* – need to establish continuous capacity building systems. Target audiences not just climate change officials (to better understand ocean issues) but also sector practitioners (to better understand climate change impacts and mitigation). Consider short courses, on the job training, peer to peer, as well as formal tertiary education. It should be noted that these approaches are being pursued in some recently started SPC FAME climate change projects.

### **How to focus climate change financing to also capture oceans**

Structure – greater understanding in the region around challenges in securing climate change finance. It is also worth noting the reliance of Pacific members on key renewable resource sectors that will be affected by climate change for revenue, livelihoods, etc where economies are not diverse (noting of course that impacts like sea level rise are directly challenging for many). Better understanding from development partners and financial institutions of these challenges and seeking ways to ameliorate and assist.