



WWF Submission to the UNFCCC Standing Committee on Finance

31 July, 2020

In response to the Call for Input by the Standing Committee on Finance (SCF), WWF is pleased to submit the inputs below to its next Forum on Financing Nature-Based Solutions (NBS). We would also like to commend the SCF for its decision to take on such an important and opportune topic. Our submission presents reflections on specific sub-themes listed in the Co-Facilitators Note and useful resources that could guide the Forum, including some lessons learned from our on-the-ground work on the land sector. We also suggest an additional sub-theme: **Enhanced coordination across UNFCCC, CBD and SDG financing mechanisms to leverage significant additional funding for NBS from public, private and mixed sources.**

Key outcomes WWF would like to see from the Forum

- A strong call for the UNFCCC financial mechanism and other public funding sources, multilateral and regional banks and private investors to prioritize funding for NBS 'readiness' and implementation.
- Recommendations to the GCF and other entities under the financial mechanism on how to better represent NBS in their portfolios
- A recommendation to the GCF create a pilot program to support activities to protect and enhance coastal and marine ecosystems to ensure their full contribution to mitigation and resilience objectives
- A recommendation for increased funding for NBS through UNFCCC, CBD and SDG channels and enhanced coordination among the various funding mechanisms to unleash the full transformative potential of NBS.

I - Contextualization: Importance of Nature-Based Solutions for Climate

Although NBS are not a new concept to the international climate regime, there is new and growing momentum for the key role they can play in mitigating and adapting to climate change. They have gained prominence and endorsement in a number of recent authoritative studies and initiatives: the IPBES *Global Assessment Report on Biodiversity and Ecosystem Services*; the Intergovernmental Panel in Climate Change's *Climate Change and Land* report, and *Adapt Now*, the Global Adaptation Commission's report *A Global Call For Leadership on Climate Resilience*, and were highlighted as one of nine key action tracks at the 2019 UN Climate Action Summit. Meanwhile, the World Economic Forum's 2019 *Global Risks Report* specifically recognized the economic risks

posed by biodiversity loss and ecosystem collapse and the need for nature-positive business solutions. NBS are increasingly being viewed not only as a way to reconcile economic development with the stewardship of ecosystems, but also as a means to diversity and transform business and enable sustainable development (Seddon et al, 2020).

Definition

Aligned with the umbrella definition of IUCN, WWF defines NBS for climate change as:

*“Ecosystem conservation, management and/or restoration interventions **intentionally planned** to deliver **measurable positive climate adaptation and /or mitigation benefits** that have **human development and biodiversity co-benefits** managing anticipated climate risks to nature that can undermine their long-term effectiveness.”*

Principles

WWF has identified **5 key principles** for NBS for climate change:

1. **Result in increased climate ambition and ecosystem functionality:** contribute to increased climate change adaptation and/or mitigation rather than compensating for low ambition in other sectors.
2. **Informed by science:** Use the best available climate, biological and social sciences to set achievable and measurable targets.
3. **Privilege synergies:** Help reduce and/or avoid emissions and/ or reduce human vulnerability while conserving nature and trade-offs among other societal goals as well as avoiding adverse impacts on biodiversity e.g.: through broad, single species restoration.
4. **Be co-designed and co-implemented** with Indigenous Peoples and local stakeholders, both as a way to understand their most pressing challenges as well as building co-responsibility.
5. **Be measurable and traceable:** Outcomes can be quantified and attributed to interventions through robust monitoring, evaluation and reporting frameworks.

NBS for Mitigation

It is fundamental that NBS for climate are understood within the context of mitigation hierarchies: Avoid, Reduce, Restore, Compensate/Offset¹. All of the desirable pathways for a livable future within the Intergovernmental Panel on Climate Change models stress **the need for fossil fuel emission reductions before carbon dioxide removal** (from forests and other natural ecosystems or from technology). Every country, sector and company therefore has a role to play in prioritizing “*avoid*” and “*reduce*” activities, such as energy decarbonization and stopping deforestation and habitat loss, before moving to “*compensate*” activities such as tree planting.

NBS and Adaptation

NBS can play a critical role in helping people to adapt to climate change as they can strengthen the resilience and adaptive capacity of vulnerable ecosystems and communities. NBS for adaptation can provide benefits of increased resilience to various groups of people and for nature, including vulnerable groups who rely on ecosystems and ecosystem services for their livelihoods and wellbeing.

NBS and Local and Indigenous Knowledge

Traditional cultures, values and knowledge endemic to the location are fundamental for NBS. Documenting, disseminating and deploying such knowledge as an important aspect of **social science combined with physical science** will be very important as we design and implement NBS for climate and manage natural resources for people and nature.

¹ For more information on Mitigation Hierarchies, https://wwf.panda.org/our_work/our_focus/forests_practice/forest_climate/forest_climate_news/?362819/First-Things-First-Avoid-Reduce--and-only-after-thatCompensate

II - Scope and Purpose of the Forum

On the scope of the Forum, WWF considers that the narrative, objectives and list of sub-themes and additional sub-themes in the Co-Facilitator Note are comprehensive and adequate. Below we offer a few reflections on specific sub-themes listed in the Note that we believe should be part of the discussion and captured in the SCF report. We also suggest an additional sub-theme.

1. Various types of finance

The remaining gap of public funding for NBS for climate is one of the main obstacles for their deployment at scale. Studies mention a percentage of 2% to 3% of public climate finance dedicated to NBS. More efficient financing means looking at innovative ways to connect private and public finance, as well as shifting current financial flows away from activities that are harmful to nature. Examples are subsidies both to the fossil fuel industry as well as to agriculture.

A Global Movement for Reforming Harmful Subsidies

A recent [paper](#) by the International Monetary Fund found that the fossil fuel industry is subsidized by at least USD\$5 trillion per year, equivalent to more than 6% of global gross domestic product. On its part, a recent OECD [report](#) calculated that existing harmful subsidies to biodiversity are at least 5 times the size of the total needed nature conservation finance. This should be the primary pot that Governments should look into for increasing public finance for NBS among others due their double effect in changing harmful practices as well as promoting more sustainable jobs.

The role of the GCF and Other Operating Entities

The role of the GCF and other operating entities of the financial mechanism of the UNFCCC and Paris Agreement in financing NBS could be optimized, building on the experience of the Fund with its REDD+ and other programs. We believe that providing the basis for such guidance must be a key outcome of the Forum.

Existing Recommendations of public and private-led initiatives

Existing recommendations of the range of public and private led initiatives, including the Task Force for Nature-related Financial Disclosure, should be taken into account in the financial architecture for NBS.

2. Understanding NBS and its potential role in tackling climate change adaptation and mitigation and the different dimensions of NBS, including links to biodiversity, desertification and sustainable development goals, at sub-national, national, regional and global levels;

Lessons learned from REDD+

With deforestation and forest degradation being the second largest source of CO₂ emissions globally after the burning of fossil fuels, REDD+ programs offer incentives for provinces and countries to meet climate commitments while addressing issues related to poverty alleviation, land and community rights, sustainable development, and equitable resource governance. Since its formal recognition at UNFCCC COP13 in 2007, approximately \$10 billion has been allocated for REDD+ and more than 50 countries have developed REDD+ strategies. This global initiative therefore represents a wealth of information and lessons learned that could be applied to broader NBS going forward.

Cross-fertilization between the Forum and the SBSTA dialogues

There are strong overlaps and potential synergies between the themes of this SCF Forum and those to be included in the SBSTA Dialogues on Land and Adaptation and on Oceans. Although the timing of the respective Dialogues and the Forum is unclear, all efforts should be made to ensure that they inform and build on each other's considerations and conclusions to the greatest extent possible.

A focus on Oceans

Oceans are a big gap in the UNFCCC discussions, despite their key role for adaptation and resilience. A climate and oceans agenda should ensure adequate mechanisms and up-scaled financing to advance ambitious actions to protect and build the resilience of the ocean. The systematic accounting for the value of 'blue natural assets', identification of current and future investment needs, meaningful incentives and innovative finance and

investment mechanisms will be necessary to accelerate priority actions to protect vulnerable ocean ecosystems and their dependent coastal communities. Such mechanisms could be products such as 'blue bonds' and impact investment funds. But the biggest gains will be in ensuring that mainstream investment is targeted at the most sustainable pathways possible. Blended finance offers opportunities to strengthen the natural resource base and its effective management in order to reduce the overall risk profile of sustainable development projects

3. Role of climate finance as a catalyst for securing ecosystems, by supporting the synergies in addressing biodiversity loss and climate change and harnessing the potential of nature/ecosystem-based solutions

Ecosystem restoration is a key opportunity to catalyse synergies in addressing biodiversity loss and climate change. *The UN Decade on Ecosystem Restoration 2021-2030 Strategy*, set to be shared by September 2020, can serve as a tool to accelerate ongoing protection and restoration efforts globally targeting all major ecosystems: forests, grasslands, croplands, wetlands, savannahs, inland *water ecosystems*, *marine and coastal ecosystems*, and *urban environments*.

Forest Landscape Restoration is a concept that unites nature-based solutions and climate change response options into a comprehensive assessment and implementation platform to optimize the balance between what people need and what nature needs. With over 170 million hectares committed to FLR by 45 different jurisdictions (countries, states, private landowners, companies) in [The Bonn Challenge](#), these pledges can complement and reinforce other commitments related to NBS and sustainable landscapes such as NDCs, REDD+ strategies, and national development plans. This complementarity, in turn, can help attract diverse finance sources.

4. NBS as a driver of the NDCs and NAPs

Parties to the UNFCCC have a timely opportunity to increase their climate ambition before COP26 by integrating NBS into their revised Nationally Determined Contributions (NDCs). By creating specific targets within their NDCs that include the use of nature for climate, following the recommendations set out in [Enhancing NDCs through Nature-Based Solutions](#), countries can flag financing needs for donors and/or investors.

Developing countries parties to the UNFCCC are in the process of formulating and implementing National Adaptation Plans (NAPs) as a means of identifying medium and long term adaptation needs and developing and implementing strategies and programmes to address those needs. Ecosystem based adaptation and /or NBS for climate adaptation are one of the best approaches to reduce climate vulnerability, supporting ecosystems/nature to thrive. Following the 9 key recommendations that have been set out in [Building Socio-ecological resilience to climate change: WWF recommendations for national adaptation plans](#), countries should define a clear target in the NAPs to use nature to build climate resilience, as well as the finance needs for proposed interventions.

5. Sub-theme suggested by WWF: Enhanced coordination across UNFCCC, CBD and SDG financing mechanisms to leverage significant additional funding for NBS from public, private and mixed sources

In 2020 and 2021, crucial outcomes will be decided not only within the international climate regime. One of these outcomes is the adoption of a new global biodiversity framework at the Convention on Biological Diversity (CBD) COP15 in China. In both the UNFCCC and the CBD spheres, NBS have attracted a growing interest and are now a "buzzword" used by many stakeholders. Besides being recognized as a key solution to address the climate crisis, additional to an accelerated phase-out of fossil fuels and an urgent decarbonization of all economies, NBS are also prominently featured in the efforts to link up biodiversity with climate change. Several environmental funding mechanisms already provide opportunities for investments in NBS such as the Global Environment Facility (GEF), the Green Climate Fund (GCF) and the Adaptation Fund. Increased funding for NBS through UNFCCC, CBD and SDG channels and enhanced coordination among the various funding mechanisms will be key to unleash the potential of NBS.

6. Partnerships

WWF suggests the SCF explores the possibility of partnering with the UK COP26 Presidency, as NBS is one of their key thematic priorities, in particular, increasing financial flows for their implementation. In the lead up to COP26, the UK COP26 Presidency can be a strategic advocate for spurring NBS financing. The UK COP26 Presidency doubled its contribution to the GCF in 2019 as part of the replenishment process, to \$1.85bn, and doubled its funding to its International Climate Fund in 2019, to £11.6bn, between 2021 and 2025, in part to encourage other countries to do the same.

III - NBS Resources that could inform the Forum

NBS related papers

- [Enhancing NDCs through Nature-Based Solutions](#)
- [Enhancing Nationally Determined Contributions through Protected Areas](#)
- The Dasgupta Review on the economics of biodiversity whose final report is expected for the Fall: <https://www.gov.uk/government/publications/interim-report-the-dasgupta-review-independent-review-on-the-economics-of-biodiversity>
- The Global Resource Initiative (GRI), which considered actions the UK can take to green its international supply chains and leave a lighter footprint on the global environment. <https://partnershipsforforests.com/gri-final-recommendations-report/>
- [Climate, Nature and our 1.5 Future](#) (WWF, 2019)
- [Building Socio-ecological resilience to climate change: WWF recommendations for National Adaptation Plans](#)
- [NDCs: A Force For Nature](#)
- [#TheNDCsWeWant](#)

Case studies

- [Trillion Trees](#): Trillion Trees is a joint venture of BirdLife International, Wildlife Conservation Society, and WWF to help close the implementation gap between forest protection and restoration goals and the finance currently available in order to restore a trillion trees by 2050. These three organizations have combined their experience and extensive networks to act as a connector between investment and forest conservation ventures. Trillion Trees' flagship landscape ventures span 11 countries and include Herencia Colombia, an initiative between government and civil society seeking to secure 15 million hectares in an effective and sustainable national protected area system, while securing peace and sustainable development in the landscapes that surround them.
- Nature-Based Climate Solutions Case Studies from Latin America, Peru, Colombia, Brazil, Chile and Costa Rica <http://ndcambition.org/#case-studies>

Lessons learned from WWF's work in the land sector

- Governments, both national and sub-national, that commit to forest-friendly development need funding to translate commitments into real impact. Initiatives or models that link finance to verified results, “pay-for-performance”, can both reward landscapes or regions making good progress on reducing emissions from agriculture, forestry and other land use (AFOLU) and incentivize poor-performing jurisdictions to do better. Publicizing these types of programs can also help attract other investors and international donors.
- Although reducing emissions from fossil fuel use is highly critical in developed countries and emerging economies, in many developing countries reducing emissions from AFOLU is often more important. For example, in Peru the AFOLU sector accounts for 58.8% of all emissions, in the Democratic Republic of

the Congo (DRC) it is 89%, and in Paraguay it is 93.3%. This indicates that investment in NBS in these countries could contribute immensely to climate mitigation goals while simultaneously providing environmental and social co-benefits.

- NBS should be tailored to the local context and designed with full and active participation from all relevant stakeholders. In the case of WWF's REDD+ project in the DRC's Mai-Ndombe province, women must hold at least 30% of the leadership positions in the implementation bodies known as local development communities and Pygmy peoples must be included as equals in decision making and project implementation when agreeing on what combination of improved forest management, reforestation, and agroforestry activities to undertake².
- With origins in REDD+ and landscape approaches, jurisdictional approaches seek to align governments, businesses, NGOs, and other stakeholders around shared goals of conservation, supply chain sustainability, and green economic development; jurisdictional approaches also focus on the political level at which land use decisions are made and enforced. Current jurisdictional initiatives underway either 1) deliver blanket demand signals to the market, such as corporate pledges to preferentially source commodities from geographies that demonstrate improved sustainability; 2) deliver blanket supply signals to the market, including ongoing efforts to achieve jurisdictional palm oil certification; or 3) are place-based initiatives that bring together supply- and demand-side stakeholders to agree on sustainability goals and implementation strategies. They contain the building blocks to align multiple stakeholders and incentive mechanisms around core, common interests such as responsible commodity production, improved economic growth and livelihood opportunities, and a resilient natural resource base that can continue to provide crucial ecosystem services.

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Working to sustain the natural
world for the benefit of people
and wildlife

² www.panda.org/our_work/our_focus/forests_practice/forest_climate/forest_climate_news/?356417/Sustainable-livelihoods-community-empowerment-and-forest-protection-in-Mai-Ndombe

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