# Further recommendations to advance finance for nature under the Baku to Belém Roadmap to 1.3T

Aligned with the second call for submissions on the Baku to Belém Roadmap to 1.3T (henceforth "the 1.3T Roadmap"), **Conservation International submits our views on polices and actions needed to scale up finance for nature-based solutions (NbS) to climate change within the efforts to mobilize 1.3T.** The submission aims to answer the first question within the call, which can enable the 1.3T Roadmap to respond to the urgent need for more finance from all actors to keep the Paris Agreement's goals within reach and close the significant funding gap for nature-based solutions by scaling up investments and incentives for nature and phasing down and repurposing, as appropriate, those that harm nature.

## 1. Priority actions to enable nature finance

**What are priority short-term (by the end of 2028) and medium-to-long-term (beyond 2028) actions necessary to enable the scaling up of financing for climate action to developing countries? Based on experience to date and evidence, what can those actions contribute to in terms of progress in enabling the scaling up of financing?**

Developing countries with significant forests, coastal ecosystems, and other natural capital resources need from USD 500 billion to USD 750 billion per year to finance climate action through NbS in agriculture, forestry, and other land use and meet the Global Stocktake goal to halt deforestation and forest degradation by 2030. **Article 6 mechanisms, Jurisdictional REDD+ (JREDD+), the Tropical Forest Forever Facility (TFFF), carbon markets and carbon pricing mechanisms are critical elements of the nature-finance landscape, which must be significantly invested in by the end of 2028** to unlock transformative private finance flows needed to close the nature-finance gap in the medium and long term.

### Short-term actions (current – 2028)

- **Capacity building:** Mobilizing financial resources for the implementation of nationally determined contributions (NDCs) continues to be a challenge for most developing countries, in particular for accessing private capital. A significant focus on building capacity is needed for governments and supporting institutions to ensure the investment climate is conducive and is backed up with effective monitoring and enforcement mechanisms to maintain the policy and regulatory environment.
    - Build government capacity for **transparent and rigorous financial management**, robust forest monitoring and enforcement of nature-related policies, and development of the frameworks needed to receive funding through TFFF, REDD+, Article 6, and other mechanisms.
    - Build institutional capacity for **effective multistakeholder governance**, including Indigenous Peoples and local communities
    - Develop **training activities and practical tools** to support countries to develop their financial plans for the full implementation of NDCs and relevant climate action outside NDCs, including decision making exercises to determine the most cost-effective financial instruments to be used and how to fill and redistribute public budgets among national development priorities.

- **Operationalize the Tropical Forest Forever Facility and issue first payments**: After the TFFF launch at COP30, the administrative and financial elements must be rapidly completed to capitalize the Tropical Forest Investment Facility so that tropical forest countries can begin to receive annual payments no later than 2027.

- **Scale up Jurisdictional REDD+** by building upon and expanding investments in the enabling environments in REDD+ countries needed for larger amounts of finance to flow. These include:
    - **Utilize the UNFCCC REDD+ Community of Practice** as a forum to share lessons among countries and subnational governments about the most effective governance mechanisms, stakeholder engagement processes, technical methodologies and procedures for forest monitoring and carbon accounting, legal frameworks, benefit sharing mechanisms, and REDD+ project nesting frameworks to support the extensive implementation of jurisdictional REDD+, in fulfillment of the conditions of the Warsaw Framework on REDD+ and Article 5 of the Paris Agreement (see CI's first submission for more on this). In particular, nesting of existing and future projects and activities is proving to be a key condition for unlocking various sources of carbon finance for forests. See *Policy Recommendations for REDD+ Nesting*
    - Promote the financing of **JREDD+ activities through Article 6** mechanisms.
    - Pledge and deliver public and private finance to support the **transparent reporting and implementation of the Cancun Safeguards for REDD+**, which are a key requirement for JREDD+ finance to flow to stakeholders in a fair way that promotes the fair distribution of JREDD+ benefits.

- **Finalize Art 6.4 technical rules under the Supervisory Body and Methodological Expert Panel** ensuring that these do not disadvantage finance flows to emissions reductions and removals through nature-based solutions. Ensure that decisions currently being made under the Article 6.4 Paris Agreement Crediting Mechanism (PACM) do not impact the possibility of obtaining finance for nature through this and other market mechanisms. These decisions carry significant consequences, as many will look to the PACM as a reference and may decide to set similar rules for other carbon markets. **The timeline is short as key standards and tools are expected to be approved in the upcoming two months.**

- **Scale carbon markets and carbon pricing mechanisms**
    - Promote carbon pricing mechanisms that allow for finance to flow to nature-based solutions, while ensuring that the majority of revenue flows to stakeholders participating in mitigation activities.
    - Promote the implementation of compliance regulations that recognize the value of investments in NbS in developed countries that don't have them.
    - Build the infrastructure needed to scale nature-based solutions in carbon markets, including Registries and Validation and Verification Bodies, which are needed to audit the volume of jurisdictional programs and projects required to achieve meaningful emissions reductions
        - Ensure they have adequate tools for audit oversight, such as trained technical staff, automated project screening systems, and Monitoring Reporting and Verification systems.

- **Scale non-market incentives** for conservation, sustainable management and restoration, including by developing more payments for ecosystem services schemes and other fiscal policy reforms.
    - Promote uptake of Payments for Ecosystems/environmental Services (PES) schemes to mobilize both public and private resources to invest in conservation and sustainable management of natural resources. PES has proven to be a critical tool to contribute to climate action in developing countries like Costa Rica, but more countries need to deploy this valuable tool at the subnational and national level to accelerate climate action and achieve their NDCs. Creating nation-wide policies and diversified modalities of PES implementation, including the required institutional operational and technical capacities, serve as a platform to identify investment opportunities and contribute to the achievement of climate goals, while also contributing to advance other social and environmental goals.
    - Scale knowledge sharing mechanisms such as bilateral, subregional and multilateral exchanges, communities of practice, information sharing tools, and south-south technical assistance programs should be deployed to generate change at scale.
    - Countries need to take advantage of the NDC process to identify funding needs for nature-based climate action, including by increasing the participation of other relevant national and subnational entities in the planning process as well as in the allocation of financial resources to activities contributing to climate change.
    - Special efforts should be made to identify and repurpose nature-negative incentives and ensure climate resilient and friendly investments, including when accessing development and climate finance.
    - International Financial Institutions should implement more robust criteria for climate resilient provision of resources and promote training, knowledge sharing and capacity building for aligning future investments with climate goals according to NDC previsions.
    - Develop specific and more accessible funding mechanisms for addressing losses and damage deriving from climate impacts, with flexible and concessional conditions for developing countries.
    - Promote non-carbon market approaches to finance community-led approaches to protect, restore, and manage blue carbon ecosystems, benefitting local livelihoods, food security, coastal resilience, and climate action.

- **Ensure the complementarity of forest and nature financing mechanisms:** JREDD+, TFFF, or carbon markets on their own are not sufficient to slow deforestation or avoid the Amazon tipping point. <u>Nature finance mechanisms must work in a complementary manner to deliver high impact funding to the places and people that need it most.</u>
    - Launch technical work (already being proposed) with key people from ART-TREES, Verra, TFFF, and others as needed to align expectations, define how the mechanisms will be complementary in practice, and address any scenarios that may present issues, e.g., with financial additionality, to ensure that developing countries can receive the highest amount of complementary finance they are eligible for.

### Medium to long term actions (beyond 2028)

Many of the foundational short-term actions above must be built upon beyond 2028 to meaningfully scale finance to nature-based solutions by 2030 and beyond. In particular:

- Building capacity within governments and supporting public and private institutions will continue to be critical to ensuring long-term success with climate finance efforts
- Continued building and right-sizing of carbon finance infrastructure will be important to ensure predictable and high-quality supply, as well as meeting growing demand
- Once fully operational, climate finance through TFFF, JREDD+, and Article 6 must continue to flow to forest countries and nature-based solutions to create a long-term and predictable source of funding for conservation, sustainable management, and restoration activities.
- Efforts to scale JREDD+ must continue into the medium term given the number of countries that need support to implement and sustain JREDD+ programs, which can sometimes require lengthy regulatory processes, such as to define carbon rights for stakeholders.

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