



## **Background paper on the Forum on Finance for Nature-based Solutions**

### *Expected actions by the Standing Committee on Finance*

The Standing Committee on Finance (SCF) will be invited to take note of the outcome of the virtual consultations with stakeholders and intersessional work plan.

### **I. Possible actions for consideration by the Standing Committee on Finance**

1. The SCF may wish to take note of the outcome of the virtual consultations held with Parties and observers who submitted their views on the draft programme of the Forum and note the plan for intersessional work, including any outreach activities.

### **II. Background**

2. The Conference of the Parties (COP) mandated the SCF to organize a forum for the communication and continued exchange of information among bodies and entities dealing with climate finance to promote linkages and coherence. Furthermore, the COP requested the SCF to facilitate participation of the private sector, financial institutions and academia in the Forum, as well as to further strengthen its stakeholder engagement.

3. At SCF 21, the Committee agreed that the theme of its next Forum will be “Finance for Nature-based Solutions (NBS),” including on the sub-themes. The COP and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) welcomed the decision of the SCF on this topic. During the inter-sessional period, co-facilitators developed the draft programme outline of the Forum.<sup>1</sup>

4. A public call for inputs from Parties and observers to inform the preparation of the Forum was opened from 15 June to 31 July 2020. As of September, 42 inputs had been received from Parties and a range of stakeholders, including non-governmental organizations, international organizations, United Nations agencies, multilateral and bilateral finance institutions, think tanks and academic stakeholders. The inputs can be found on the SCF Forum webpage.<sup>2</sup>

5. At SCF 22, the SCF considered the draft programme of the Forum and deliberated on emphasizing key sectors and themes for financing NBS, strengthening private sector engagement, widening the scope to the broader financial architecture and innovative financial approaches, and being informed by major events taking place on NBS in 2021. The SCF agreed to update the programme based on the views provided by members.

6. The SCF further agreed to organize virtual consultations with the providers of submissions and consider dates and the venue of the Forum at a future meeting, with a view to deciding latest by April or May 2021.

<sup>1</sup> [https://unfccc.int/sites/default/files/resource/BN6\\_SCF22\\_Forum\\_0.pdf](https://unfccc.int/sites/default/files/resource/BN6_SCF22_Forum_0.pdf).

<sup>2</sup> <https://unfccc.int/topics/climate-finance/events-meetings/scf-forum/the-next-scf-forum-finance-for-nature-based-solutions>.

### III. Summary of virtual consultations with stakeholders

7. On 5<sup>th</sup> November 2020, virtual consultations were convened with submitters of the inputs on the Forum with the aim to discuss substantive issues underpinning the Forum theme. Key topics that emerged from the discussions have been summarized and would further inform the Forum preparations.

(a) **Defining NBS:** Diverse views exist on what constitutes a nature-based solution. Majority of nationally determined contributions have referred to some form of NBS. Despite the lack of a universal definition, there is broad agreement among intergovernmental processes and the international community that NBS should have co-benefits for biodiversity, natural resources, societies and local communities. The Forum could build upon these existing areas of consensus.

(b) **Potential of NBS in adaptation and mitigation:** High potential solutions for addressing adaptation exist in coastal and aquatic systems such as protection and restoration of blue carbon ecosystems. Agricultural and food system solutions have shown crosscutting potential. Enhancing and maintaining ecological integrity, particularly conservation of intact forest ecosystems has strong mitigation effects as well as resilience values. The Forum could focus on the major opportunities to scale up NBS in carbon-rich ecosystems and synergize adaptation and mitigation.

(c) **Measurement and reporting for NBS:** Robust standards and methodologies for measuring outcomes of NBS interventions are needed to support legitimacy of NBS and investors' confidence. Measurable outcomes can help shape robust NBS targets. The Forum can facilitate sharing experiences in setting science-based targets and monitoring systems to firm up understanding of these concepts among stakeholders.

(d) **Key stakeholders in NBS:** NBS projects are heavily dependent on indigenous people and local communities. Safeguards are needed to protect rights and interests of these groups and to build their capacity for proper engagement. Farming communities can be involved through cooperatives that are well suited for implementing NBS applying a holistic approach. Smallholders and producers are the stewards of NBS while also being particularly vulnerable to climate change. The Forum can share good practices on local, regional and global levels to recognize and learn from these identified key stakeholder groups.

(e) **Linkages with international processes:** NBS are central to achieving the 2030 Agenda for Sustainable Development, particularly from the co-benefits they generate for health and livelihoods, biodiversity, food and energy security and sustainable growth. In this regard, complementarity and coherency of NBS exists in other international agreements such as the UN Convention on Biological Diversity and UN Convention to Combat Desertification. NBS finance can also be mobilized towards making the climate transition just and equitable, so that the burden and costs do not fall disproportionately on vulnerable groups. Furthermore, full implementation of Article 6 of the Paris Agreement through its market and non-market-based solutions could also promote and mobilize climate finance for NBS.

(f) **Recommendations on the Forum agenda:** The Forum can provide a space to discuss the challenges and needs of developing countries, and in this context, the specific and often different challenges met in financing NBS for mitigation and adaptation. Diverse stakeholders and practitioners who are key to implementing NBS should be engaged. Furthermore, the Forum can provide information on specific financial mechanisms and instruments, both innovative and well-established, and the enabling environments required. Concrete examples and learning opportunities for scaling up finance can also be promoted. Lastly, the recommendations coming out of the Forum may go beyond the UNFCCC financial mechanisms and address the whole financial landscape including public and private finance.

### IV. Way forward

8. Co-facilitators will refine the Forum programme based on the submissions, members' comments and outcomes of the virtual consultations. An updated Forum programme will be available for consideration by the SCF at its first meeting in 2021.

9. During the intersessional period, expert organizations, Parties and other stakeholders will be contacted as needed to further develop the agenda and identify resource persons. The co-facilitators,

with the support of the secretariat, will engage at relevant NBS events and consider timing of the Forum as a part of the roadmap to COP 26. An indicative timeline of activities leading up to COP 26 and list of international fora relevant for outreach on NBS, are provided in annex I and annex II, respectively.

10. In order to advance preparations, under the guidance of the co-facilitators, a synthesis paper will be produced by the secretariat on key findings from the submissions and topics most relevant for engagement by the SCF on financing nature-based solutions. The paper would serve as an input to the Forum.

## Annex I

## Indicative timeline and milestones for the preparation of the Forum

*Working Draft*

Milestones and indicative timeline								
Activities and deliverables	2020				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Developing the draft programme</b>								
Objectives, sessions, sub-themes								
<b>Call for public inputs</b>								
Open call period								
Call related outreach								
Analysis of submissions								
<b>Consultations on programme</b>								
SCF members		Written submissions	SCF 22					
Stakeholders				Webinar, 5 Nov				
Outcome of consultations & next steps				SCF 23				
<b>Finalizing programme</b>								
Annotate sessions, identify resource persons								
Receive feedback from SCF					SCF 24 tbc			
<b>Forum venue and timing</b>								
Venue options, legal assessment, MoU								
Agreement on venue and timing						SCF 25 tbc		
<b>Logistical arrangements</b>								
Bookings, visas, travel etc.								

Milestones and indicative timeline								
Activities and deliverables	2020				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Preparation of Technical Paper</b>								
Paper produced by secretariat on key findings								
<b>Organize Forum</b>								
SCF Forum on Finance for NBS								
<b>Outreach</b>								
Outreach within and outside UNFCCC								COP 26
Fund-raising								
<b>Forum report</b>								
Develop draft Forum report								
Finalize report including recommendations							SCF 26 tbc	

**Annex II****Tentative list of international fora relevant for outreach on NBS**

<i>Event</i>	<i>Date</i>	<i>Place</i>	<i>Possible outreach on SCF Forum</i>	<i>Possible participation</i>
<b>2020</b>				
SBSTA dialogues on oceans and on land and adaptation	02 December 2020	Climate Dialogues	Day 1 discussions on coherence across UNFCCC bodies	Co-facilitators presented the Forum and linkages with oceans
<b>2021</b>				
UNEA - 5	February 2021	Nairobi, Kenya		
World Conservation Congress organized by IUCN and French government	To be confirmed	Marseille, France		
Food System Summit (FAO)	To be confirmed	Virtual meeting		
GCA Global Adaptation Action Summit	25 January 2021	Netherlands (virtual)		
15 <sup>th</sup> meeting of the Conference of the Parties to the Convention to Combat Desertification (COP 15) and other related meetings	To be confirmed			
15 <sup>th</sup> meeting of the Conference of the Parties to the Convention on Biological Diversity (COP 15) and other related meetings	Second quarter To be confirmed	Kunming, China		
Regional Climate Weeks	To be confirmed			