



**Standing Committee on Finance**  
Twenty-seventh meeting of the Standing Committee on Finance  
22–23 March 2022, Cape Town

15 March 2022

## **Background paper on the Forum of the Standing Committee on Finance**

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

The Standing Committee on Finance (SCF) will be invited to:

- (a) Provide guidance on the outline of the draft programme of the second part of the Forum;
- (b) Consider options for possible venue and dates of the Forum.

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

1. The SCF may wish to provide guidance on the outline of the draft programme of the second part of the Forum and consider options for possible venue and dates of the Forum.
2. The SCF may wish to take note of the synthesis of submissions received to the call for inputs to the design of the Forum.

## **II. Background**

3. The Conference of 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.

4. At SCF 21, the Committee agreed that the theme of its next Forum will be “Finance for Nature-based Solutions”.<sup>1</sup> At SCF 24, the Committee agreed to organize a two-part Forum, whereby the first part will be held either in hybrid or virtual format in 2021 and the second part will be held in-person in 2022. The Committee also agreed that the outcomes of the first part will inform the discussions of the in-person Forum in 2022.

5. The first part of the Forum was held in hybrid format on 15–16 October 2021 in conjunction with SCF 26. The SCF prepared a high-level summary of the first part of the Forum as an addendum to the 2021 annual report of the SCF to the COP 26 and Conference of the Parties serving the meeting of the Parties to the Paris Agreement on its third session (CMA 3).<sup>2</sup> COP 26 noted the summary report and requested the SCF to organize the second part of the Forum in 2022, subject to health and safety considerations arising from the coronavirus disease 2019 pandemic.<sup>3</sup>

6. During the intersessional period, the co-facilitators developed the draft programme of the second part of the Forum and considered potential venues. Under the guidance of the co-facilitators, the secretariat prepared a synthesis paper based on the submissions received from Parties and

<sup>1</sup> SCF/2019/21/11, paragraph 24.

<sup>2</sup> FCCC/CP/2021/10/Add.4-FCCC/PA/CMA/2021/7/Add.4.

<sup>3</sup> [Cp 26 auv 8b SCF, paragraph 23.](#)

observers, in response to the call for inputs in May 2020. The paper, contained in the annex to this document, will further inform the discussions to be held by the participants of the Forum in 2022.

## **A. Forum on Finance for Nature-based Solutions – Part I**

7. Part I of the SCF Forum was an interactive hybrid event<sup>4</sup> attended in-person by SCF members and resource persons and a vast number of virtual participants representing government, United Nations agencies and international organizations, multilateral climate funds, bilateral agencies, academia, think tanks and civil society organizations that are engaged in nature-based solutions.

8. Participants agreed that nature-based actions can address development, climate and biodiversity priorities and enable sustainable development. To achieve these objectives, finance for nature-based solutions needs to be scaled up. An estimated gap in public and private sector financing for nature-based solutions of USD 4.1 trillion needs to be filled by 2050<sup>5</sup> and there is potential to exponentially increase private sector finance flows for nature.

9. Institutional, organizational and individual capacity to integrate nature-based solutions across policies and strategies, reliable data and information for designing projects for nature-based solutions, debt support to create more fiscal space for the transition, and recognition of local land rights and traditional indigenous knowledge, will strengthen the enabling environment for increased action on nature-based solutions.

10. Leveraging and mobilizing scaled-up finance for nature-based solutions from public and private actors requires emboldening the investment case for such solutions, increased efforts to account for nature in national budgetary systems and increased private sector disclosure of nature-related financial risks. Furthermore, blended finance, insurance and public–private partnerships can de-risk investments for the private sector creating the necessary investment environment.

11. Related to access to finance for nature-based solutions, especially for developing countries, discussions pointed to various factors that cause hinderance such as complex judiciary requirements, lack of fair and competitive lines of credit for local actors and capacity of recipient countries to access the finance.

12. Participants made several recommendations related to financing nature-based solutions, notably, calling for increased commitments and disbursement of international finance for developing countries, and identified areas that demand further discussions and actions.

## **B. Forum on Finance for Nature-based Solutions – Part II**

13. Building on the discussions from Part I, the objective of part II of the Forum is to explore deeper the issues around financing climate mitigation and adaptation based on the science and principles of nature-based solutions, sharing experiences of developed and developing countries in designing and accessing finance, closing the finance gap, and ways for mobilizing action and scaling-up nature-based solutions. A full report will be produced following part II including policy recommendations for consideration by the COP and CMA.

### **1. Outline of the draft programme for Part II**

#### **Day 1**

##### **Session 1: Opening and keynote statements on nature-based solutions**

14. The opening ceremony will underscore the importance of taking bold actions for nature and how nature-based solutions can enhance the linkages between, and achievement of, the objectives of the Rio Conventions, the Paris Agreement and the United Nations Decade on Ecosystem Restoration and Action to Deliver the Sustainable Development Goals. Significant outcomes at COP 26 and strategic initiatives led by the host country on nature-based solutions will inform the Forum.

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<sup>4</sup> <https://unfccc.int/topics/climate-finance/events-meetings/scf-forum/the-scf-forum-on-finance-for-nature-based-solutions>.

<sup>5</sup> <https://www.unep.org/resources/state-finance-nature>.

**Session 2: High-level plenary on realizing the potential of nature-based solutions for climate**

15. A scene-setting presentation will deliver concepts on nature as an asset and sustainable economics. It will focus on incorporating nature capital into the global economic system and reflecting nature in the true cost of goods and services.

16. A high-level panel discussion will provide insights on how countries can realize the potential of nature-based solutions to tackle climate change with perspectives from developed and developing countries on addressing priorities of development, climate and nature. These efforts will be seen in the context of the outcomes of the UN Environment Assembly on nature-based solutions and its significance in supporting sustainable development.

**Session 3: Closing the investment gap on nature-based solutions**

17. This session will focus on the financing gap in public and private investments for nature-based solutions.<sup>6</sup> Perspectives from public and private finance institutions on closing the gap will be highlighted and how public and private-sector leadership can mobilize action on nature.

**Session 4: Catalyzing collective action on nature-based solutions**

18. This session will focus on coordinated approaches to incorporate nature-based solutions into national development plans and climate change strategies and balance short-term plans (e.g. five-year plan) with long-term climate and nature targets (e.g. net zero pledges for 2050).

19. A presentation from a developing country that announced net zero target and has objectives for nature-based solutions in their nationally determined contributions/ national adaptation plans will be followed by a panel discussion bringing perspectives on available programming and policy support for nature-based mitigation and adaptation actions in developing countries and strengthening capacity and readiness of countries.

**Session 4: Breakout session on catalyzing collective action on nature-based solutions**

(i) Breakout group 1: Mainstreaming nature-based solutions in national development and climate plans and budgetary planning processes – including fiscal policies for nature/climate finance, budget-tagging, inter-ministerial cooperation and multi-level governance approaches;

(ii) Breakout group 2: Strengthening the enabling environment to increase nature-based climate actions from public and private actors – including identifying potential investments for private sector, social and environmental safeguards, need for policy coherence, and harnessing traditional knowledge;

(iii) Breakout group 3: Facilitating technical support and tools for formulation of nature-based solutions in developing countries – including building capacity and ownership, supporting knowledge and good practices, and peer learning across project timelines.

20. At the end of the session, break-out groups will report back in plenary followed by a short panel discussion among the discussion leaders.

**Session 5: Mobilizing and delivering finance for nature-based mitigation and adaptation**

21. This session will focus on mobilization and scaling up of financial resources for nature-based climate actions in the context of needs and priorities of countries.

22. A case-study presentation on mobilizing financial resources for nature-based solutions by a national fund will be followed by a panel discussion bringing perspectives on readiness support provided by UNFCCC Operating Entities and global funds, ways for unlocking and redirecting private investments, and non-traditional sources of finance.

**Day 2**

**Session 6:** This session Day 2 will begin with an address on the importance of harnessing local community and indigenous knowledge and ensuring gender responsive nature-based solutions.

<sup>6</sup> UNEP State of Finance for Nature 2021 estimates USD 4.1 trillion financing gap in nature by 2050.

**Session 7: Inspirations from success stories**

23. An audio-visual presentation of a project that is advancing and accelerating design and investment in nature-based solutions. The project could be chosen from a call for submissions of innovative NBS projects.

**Session 8: Breakout session on mobilizing and delivering finance for nature-based mitigation and adaptation**

(i) Breakout group 1: Sources of finance and financial mechanisms for nature-based climate actions that deliver the needed resources – including bilateral and multilateral sources for climate and nature; national trust funds and philanthropic sources;

(ii) Breakout group 2: Lessons learned from successes and challenges in reducing financial risks for public and private investments in nature-based solutions – including enhancing data and information on nature and climate; promoting nature-related disclosures; public-private partnerships; and coalitions and initiatives on promoting nature-based solutions;

(iii) Breakout group 3: Opportunities and challenges in utilizing financial instruments for nature-based climate actions – including existing financial instruments such as blended finance, insurance, microfinancing, and nature-bonds, and support provided by multilateral and bilateral channels and other international institutions.

24. At the end of the session, break-out groups will report back in plenary followed by a short panel discussion among the discussion leaders.

**Session 9: Enhancing access to finance for nature-based solutions**

25. This session will focus on facilitating developing countries' access to finance for nature-based solutions. It will deliberate on capacity constraints and support available for formulating and implementing nature-based climate actions.

26. A presentation from a constituted body engaging in capacity-building in least developed countries will open the session to be followed by a panel discussion sharing experiences on accessing climate finance at the sub-national level, developing microfinance products and services by a microfinance institution, building capacities of national institutions of developing countries to access finance with support of UNFCCC Operating Entities, and perspectives on promoting gender-responsive nature-based solutions and enhancing women's access to finance.

**Session 10: Breakout session on key outcomes and recommendations**

27. Based on the two days of discussions, participants will gather in breakout groups to deliberate on actions at the international, national, subnational that may be pursued by actors and institutions taking part in the Forum, to address the barriers and mobilize and access finance for nature-based solutions. The discussions on the way forward would include key take-aways and high-level recommendations for the COP and, suggestions for the Financial Mechanism, including its operating entities and bilateral, regional and other multilateral channels of climate finance.

**Session 11: Closing plenary – outcomes of the Forum**

28. The plenary session will synthesize the outcomes of the Forum and actions that can be undertaken by different actors taking part in the Forum.

**Day 3**

29. Day 2 may be followed by a field trip where participants visit an existing NBS activity, meet the project developers and share experiences. Day 3 activities are dependent on the venue.

**III. Format of Part II of the Forum**

30. Noting that international travel has reopened, and physical meetings are being held applying necessary precautions, the SCF will hold part II of the Forum in-person with 100 to 120 participants. However, noting that there continue to be travel and safety concerns due to coronavirus-19 pandemic, the Forum will allow virtual participation of all interested stakeholders. A hybrid forum will promote an engaging format whereby participants will deliberate on key questions around mobilizing and

accessing climate finance for nature-based solutions and identifying solutions and policy recommendations.

#### **IV. Way forward**

31. Co-facilitators with the support of the secretariat would further develop the Forum programme taking into account views expressed by members at SCF 27. During the intersessional period, expert organizations, Parties and other stakeholders will be contacted as needed to further develop the agenda and identify resource persons.

32. Co-facilitators will also explore potential venues and dates and aim to make a final proposal for intersessional decision-making in April 2022.

33. The synthesis paper will be published to inform further deliberations with interested stakeholders and highlights from the paper will be presented by the co-facilitators at relevant events and engagements.

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