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Forests for Life Partnership Submission to the Standing Committee on Finance Call for Inputs on the next Forum on the topic of “Finance for Nature-Based Solutions (NBS)”

July 2020

The members of the Forests for Life Partnership (FFL), made up of Global Wildlife Conservation (GWC), Rainforest Foundation Norway (RFN), United Nations Development Programme (UNDP), Wildlife Conservation Society (WCS), and World Resources Institute (WRI), are pleased to submit this response to the Standing Committee on Finance Call for Inputs on the next Forum on the topic of “Finance for Nature-Based Solutions (NBS)”.

Recommendations on Scope and Purpose of the Forum

We recommend that approaches to maintain and enhance ecological integrity, particularly through the conservation of intact forest ecosystems, be elevated as a central component of the overall identification and allocation of resources (e.g. climate finance and incentives) for the implementation of NBS. The UNFCCC should recognize the synergies that can be achieved when the role of intact forests is considered within the land sector—through land-use planning, conservation, and resource management—and these synergies should be recognized and facilitated through the work of the SCF.

Introduction

Article 5 of the Paris Agreement explicitly states that all countries “should take action to conserve and enhance, as appropriate, sinks and reservoirs of greenhouse gases as referred to in Article 4, paragraph 1(d), of the Convention, including forests.” In Article 4.1(d) of the Convention, all Parties committed to pursuing actions in the land sector that “Promote sustainable management, and promote and cooperate in the conservation and enhancement, as appropriate, of sinks and reservoirs of all greenhouse gases...including biomass, forests and oceans as well as other terrestrial, coastal and marine ecosystems.”

“Nature-based solutions” are defined by the International Union for the Conservation of Nature (IUCN) as “actions to protect, sustainably manage, and restore natural or modified ecosystems, that address societal challenges effectively and adaptively, simultaneously providing human well-being and biodiversity benefits.” ‘Natural climate solutions’ from better forest and land-use management may offer at least 30% of the mitigation action needed by 2030.¹

However, overall public and private finance for Nature-Based Solutions has been inadequate, particularly in the land sector. Less than 2 percent of international climate finance goes to forests, while subsidies and investments in sectors driving deforestation (e.g. agriculture) amount to 40 times more than investments in protecting forests,

¹ Griscom *et al.* (2017) Natural Climate Solutions. *PNAS* 114(44): 11645-11650. Griscom, B. *et al.* (2020) National mitigation potential from natural climate solutions in the tropics. *Phil. Trans. R. Soc. B.* 375: 20190126. <http://dx.doi.org/10.1098/rstb.2019.0126>

including multilateral financing mechanisms and cooperation with the public and private sector². Furthermore, Goal 8 of the New York Declaration on Forests calls for provision of support for the development and implementation of strategies to reduce forest emissions, but financial resources for forests are insufficient to realize their full mitigation potential³.

We urge the SCF to fully include the mitigation potential of the land sector, including all forest landscapes, in its work. Many segments of the land sector, including agriculture, forestry, wetland management, and other land management practices (AFOLU), are already positioned to play a fundamental role in the implementation of the Paris Agreement in a cost-effective manner.

We call special attention to the underutilized and underfinanced NBS of the world's remaining intact forests, which are indispensable to achieving global climate, biodiversity, and sustainable development goals. Intact forests, defined as forest areas that are free of significant anthropogenic degradation,⁴ hold immense and unique value for both the climate and the biosphere, while supporting important co-benefits and social, economic and environmental outcomes. It is essential to maintain the ecological integrity of these important landscapes because they:

- Store around nine years' worth of human-caused emissions⁶ and sequester more than a quarter of humanity's carbon emissions each year⁷ (11 GtCO₂e/year).
- Enhance resilience, by sustaining regional rainfall and reducing ecological vulnerability to fire, droughts, floods etc.
- Conserve the biological diversity essential to maintaining ecological functions, adaptation and resilience (SDGs 14 & 15). Benefits for biodiversity protection include consistently higher numbers of forest-dependent species, higher intra-species genetic diversity, higher ability for species to undertake dispersal or retreat to refugia, and refuge for forest species from increased fire frequencies in degraded landscapes under changing climates, and increased likelihood of providing key pollination and dispersal processes.
- Help secure the livelihoods and cultures of Indigenous Peoples and Local Communities (IPLCs), while delivering cost-effective social benefits such as functioning watersheds, food security and reduced disease transmission (SDGs 1, 2, 3 & 6).

The value of intact forests as both storehouses and active sinks of carbon plummets when they are cut down or degraded, removing an essential natural brake on climate change. Degradation triggers a cascade of ongoing emissions from these forests and makes them less resilient to further degradation, including from climate change impacts⁸. While countries often consider these lands to be "unmanaged" and therefore do not account for emissions from these forests, in reality they face serious anthropogenic impacts that alter their greenhouse gas balance for the

² NYDF Assessment Partners. (2019). Protecting and Restoring Forests: A Story of Large Commitments yet Limited Progress. New York Declaration on Forests Five-Year Assessment Report. Climate Focus (coordinator and editor). Accessible at forestdeclaration.org.

³ https://forestdeclaration.org/images/uploads/resource/2018_NYDF_Goals1-10_UpdatesSummary.pdf

⁴ As defined by Watson, J. E. M., et al. (2018) The exceptional value of intact forest ecosystems. *Nature Ecology and Evolution* 2: 599-610.

⁵ Reviewed in detail by Watson, J. E. M., et al. (2018) The exceptional value of intact forest ecosystems. *Nature Ecology and Evolution* 2: 599-610.

⁶ Potapov, P. et al. (2017) The last frontiers of wilderness: Tracking loss of intact forest landscapes from 2000 to 2013. *Science Advances* 2017;3: e1600821.

⁷ Le Quéré, C., et al. (2018) Global carbon budget 2017. *Earth Syst. Sci. Data* 10: 405-448. Pan. Y. et al. (2011) *Science* 333: 988-993. Houghton (2013) *Carbon Management* (4)5.

⁸ Watson, J. E. M., et al. (2018) The exceptional value of intact forest ecosystems. *Nature Ecology and Evolution* 2: 599-610; Thompson, I. et al. (2009). *Forest Resilience, Biodiversity, and Climate Change. A synthesis of the biodiversity/resilience/stability relationship in forest ecosystems*. Secretariat of the Convention on Biological Diversity, Montreal. Technical Series no. 43.

worse. By one measure, from 2000 to 2016 we lost about 9% of the planet's most intact forests, or 0.6% per year⁹. New science reveals that the carbon impacts from the loss of intact tropical forest between 2000 and 2013 have been grossly underreported and are six times higher than previously thought, when calculated through a full carbon accounting that includes a wider range of degradation impacts as well as forgone carbon removals to 2050¹⁰.

Concurrent with these effects on the climate system, ecosystem loss and degradation are also major drivers of the loss of biodiversity and ecosystem services across the world. Declines in integrity generally mean reduced suitability of habitat for native biota, disrupted ecological processes, diminished ecosystem resilience, diminished capacity to sustain species, and reduced provision of many ecosystem services, especially those that represent 'public goods.'

The conventional notion that intact forests are too remote to face any serious threats forms one of the greatest barriers to policy measures or finance for their protection, but recent science has contradicted that notion. In recent years, satellite evidence has shown that human actions are driving the destruction of intact forests at twice the rate of deforestation overall¹¹. If the losses continue at this pace, half of the world's intact forests will be cleared or seriously degraded by 2100. Recent trends suggest that the rate is actually accelerating as the global footprint of intensive human activity spreads ever wider. Importantly, nearly half of intact forests (48% in 2013; Potapov et al. 2017) are tropical forests in developing countries -- which support the highest rates of sequestration and biodiversity, but have also experienced the highest rates of loss since 2000.

These alarming findings should make addressing and protecting the foundational, stabilizing role that intact forests play for the climate system an urgent priority for climate finance. Such losses are preventable if countries take action on long-term protection of intact, natural forest carbon sinks and reservoirs.

With appropriate support and means of implementation, these steps should become key elements of countries' Nationally Determined Contributions (NDCs) and associated implementation plans and investment frameworks, through policies and measures that are known to be effective when properly resourced, such as:

- increasing the extent of equitably established and managed protected areas,
- expanding recognition of legally valid claims to territorial ownership by IPLC and supporting management by those groups, and
- preventing or minimizing the impacts from the major drivers of degradation and deforestation.

Many countries that host intact forests will need external sources of climate finance in order to achieve these changes. In particular, many of the world's intact forests are located in High Forest Low Deforestation (HFLD) regions and countries, for whom access to sources of climate finance has been extremely limited.

If the existing carbon stocks and ongoing sequestration capacity of intact forests (including peatlands) are not maintained, humanity may well find that all safe climate mitigation pathways are out of reach.

Detailed Recommendations on Scope and Purpose of the Forum

We recommend that approaches to maintain and enhance ecological integrity, particularly through the conservation of intact forest ecosystems, be elevated as a central component of the overall identification and allocation of

⁹ Potapov, P. *et al.* (2017) The last frontiers of wilderness: Tracking loss of intact forest landscapes from 2000 to 2013. *Science Advances* 2017;3: e1600821 plus supplementary analysis of the 2016 data from <http://www.intactforests.org/news.html>

¹⁰ Maxwell *et al.* (2019) Degradation and forgone removals increase the carbon impact of intact forest loss by 626%. *Science Advances* 2019;5: eaax2546

¹¹ Potapov *et al.* op. cit.

resources (e.g. climate finance and incentives) for the implementation of NBS. Through its mandate to improve coherence and coordination in the delivery of climate finance and promote linkages among stakeholders and sectors, the SCF Forum can facilitate understanding about the role and policy context of intact forests in combating climate change, the gaps that exist, and the approaches and incentives that can be applied to ensure their maximum contribution to meeting the 1.5° and 2° targets of the Paris Agreement.

The UNFCCC should recognize the synergies that can be achieved with other land-sector changes when land-use planning, conservation, and resource management fully consider the role of intact forests. Such synergies should be recognized, facilitated, and encouraged through the work of the SCF. This enhanced understanding can guide countries in integrating action on intact forests, supported by adequate finance, into their forest and land sector commitments, in order to help achieve the full mitigation and adaptation benefits of the entire land sector in the global carbon cycle and in the long-term sustainability of the climate regime.

Incorporating discussion related to intact forests and ecological integrity in the examination of finance for land sector-based NBS could strengthen key elements of the majority of potential sub-themes identified in the Co-Facilitators' Note on the next Forum of the Standing Committee on Finance, including:

(a) Creating enabling environments to facilitate access to climate finance for NBS on adaptation and mitigation

The land sector must be an integral part of collective climate action, and the SCF can play a vital role in guiding resources toward policy responses that aim to secure the strongest possible mitigation contribution of the land sector. The SCF should ensure that consideration of intact forests, as a cornerstone of mitigation and adaptation in the land sector, be at the forefront of the creation of enabling environments for climate finance for NBS.

(b) Harnessing local community and indigenous knowledge, gender responsive policies, climate resilience and adaptation, technology and capacity-building

Indigenous peoples and local communities (IPLCs) are the inhabitants and stewards in well over 35% of the world's most intact forests, playing a central role in their conservation¹². IPLCs should therefore be fully represented and consulted in climate finance and policy discussions related to intact forests, in keeping with the NBS principles. Furthermore, the NBS Forum should facilitate the effective participation of IPLCs, particularly through the Local Communities and Indigenous Peoples Platform (LCIPP) and its focus on sharing of best practices and lessons learned on mitigation and adaptation in a holistic and integrated manner.

(c) Applying NBS as a means of de-risking and scaling up climate investments throughout multi-level governance

Efforts to secure NBS mitigation benefits in one country or locale can often lead to the displacement of activities and an increase in “leakage” of emissions to other areas. Since intact forests are poised to be the focus of these displaced drivers of emissions, any de-risking strategy for climate investments in NBS should include efforts to protect and secure intact forests. Ultimately, these forests must serve as a backstop against deforestation and forest degradation, and the disproportionate focus of climate finance on frontier areas has missed the larger risk context. The SCF can play a key role in creating a more holistic understanding of risks to climate investments and the role that intact forest investments can play in managing and minimizing overall risks.

(d) The role of climate finance for ecosystems capturing carbon, swamp plants, biodiversity protection, fire management (e.g. fire management projects, including Savanna, forest and preventing forest fires),

¹² Fa et al. (2020) Importance of Indigenous Peoples' lands for the conservation of Intact Forest Landscapes. *Frontiers in Ecology & Environment* doi:10.1002/fee.2148

restoring land, addressing deforestation and afforestation, sustainable forests and preventing desertification

A focus on ecological integrity, particularly as examined through the role of intact forests, would demonstrate how climate finance can catalyze the protection of a broad range of benefits from the implementation of NBS. In addressing gaps and opportunities for climate finance targeted at the protection of intact forests for their role in tackling climate change mitigation and adaptation, the SCF forum would also be helping to secure ecosystems that are indispensable for confronting the planet's biodiversity crisis, providing critical ecosystem services and supporting the maintenance of human health and well-being.

This would also contribute to additional sub-themes identified in the Co-Facilitators' Note that can inform the SCF in preparing the Forum programme:

(b) 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

(c) 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 – enhancing biodiversity can contribute towards mitigation and adaptation to climate change, combatting desertification, restoring degraded land, enhancing flood protection, ensuring food security and preserving human health and well-being

(e) NBS as a driver of the NDCs and NAPs

Actions to safeguard the forest carbon stocks and sinks that intact forests provide should be a priority in countries' NDCs, with the support of climate finance mobilized by developed countries under Article 9 of the Paris Agreement. While the majority (66%) of the first (I)NDCs submitted include NBS in some form and 70% address forests, only 20% include quantifiable targets and only 8% include targets expressed in tons of CO₂e¹³. Furthermore, at the time of this submission, the conservation of intact forests has not been an explicit priority in more than a handful of NDCs.

Countries that host intact forests have no clear means of support through existing climate finance mechanisms for the land sector, which focus mainly on near-term emission reductions¹⁴. The situation is especially daunting for HFLD and other tropical forest countries looking to conserve and maintain their intact forests. These countries face additional, significant barriers in accessing forest finance to catalyze transformations to sustainable green growth trajectories, since the already established frameworks (including REDD+) have tended to benefit countries with high historical deforestation rates. We recommend that the SCF Forum facilitate a dialogue on how to address these gaps in delivering adequate NDC finance to implement the enhanced role of forests in updated NDCs.

(f) Various types of finance for NBS

Protection of large, intact, undegraded forest areas has received limited climate finance, both in HFLD countries and in comparably intact regions within other countries. Existing REDD+ results-based payment schemes are already unable to provide sufficient support, which is reflected in the number of functioning mechanisms, the

¹³ Seddon, N., Sengupta, S., García-Espinosa, M., Hauler, I., Herr, D. and Rizvi, A.R. (2019). Nature-based Solutions in Nationally Determined Contributions: Synthesis and recommendations for enhancing climate ambition and action by 2020. Gland, Switzerland and Oxford, UK: IUCN and University of Oxford.

¹⁴ Mackey, B. *et al.* (2015) Policy options for the world's primary forests in multilateral environmental agreements. *Conservation Letters* 8(2): 139-147; Watson, J. E. M., *et al.* (2018) The exceptional value of intact forest ecosystems. *Nature Ecology and Evolution* 2: 599-610.

magnitude of available funding as well as the prevailing price of \$5/tCO₂e. They are even more unlikely to provide sufficient support to intact forest and HFLD jurisdictions¹⁵. In some cases, the participation of these jurisdictions in a portfolio is restricted or excluded altogether. In others, their participation is explicitly capped or constrained by a policy focus on nearer-term emission reductions, rather than carbon stock maintenance.

This disconnect means that REDD+ incentives largely ignore indirect, emerging or longer-term threats that will determine the fate of these forests in coming decades. Therefore, a new, integrated approach is needed: one that goes beyond emission reductions alone to ensure that intact forests, within HFLD countries and elsewhere, can also continue to contribute to meeting the global climate mitigation targets. Such an approach should build upon a better understanding of the conditions, forms, and needs for enhancing commitments to protect forest sinks in NDCs as soon as possible. This understanding must cover a range of topics, including the following:

- the types of support needed by HFLD and REDD+ countries;
- how policies and measures can be implemented with both domestic finance and international support;
- potential pilot or model approaches and monitoring frameworks.

NBS related papers and case studies that could inform the Forum

[Core principles for successfully implementing and upscaling Nature-based Solutions \(2020\)](#)

A critical analysis of the strengths and weaknesses of the NbS principles recently adopted by the International Union for Conservation of Nature, compared to (1) the Ecosystem Approach that was the foundation for developing the NbS definitional framework, and (2) four specific ecosystem-based approaches (Forest Landscape Restoration, Ecosystem-based Adaptation, Ecological Restoration and Protected Areas) that can be considered as falling under the NbS framework. Unless there is clarity on its evolution, definition and principles, and relationship with related approaches, it will not be possible to develop evidence-based standards and guidelines, or to implement, assess, improve and upscale NbS interventions globally. Three of the eight NbS principles stand out from other approaches: NbS can be implemented alone or in an integrated manner with other solutions; NbS should be applied at a landscape scale; and, NbS are integral to the overall design of policies, measures and actions, to address societal challenges. Reversely, concepts such as adaptive management/governance, effectiveness, uncertainty, multi-stakeholder participation, and temporal scale are present in other frameworks but not captured at all or detailed enough in the NbS principles.

[Degradation and forgone removals increase the carbon impact of intact forest loss by 626% \(2019\)](#)

Intact tropical forests, free from substantial anthropogenic influence, store and sequester large amounts of atmospheric carbon but are currently neglected in international climate policy. We show that between 2000 and 2013, direct clearance of intact tropical forest areas accounted for 3.2% of gross carbon emissions from all deforestation across the pantropics. However, full carbon accounting requires the consideration of forgone carbon sequestration, selective logging, edge effects, and defaunation. When these factors were considered, the net carbon impact resulting from intact tropical forest loss between 2000 and 2013 increased by a factor of 6 (626%), from 0.34 (0.37 to 0.21) to 2.12 (2.85 to 1.00) petagrams of carbon (equivalent to approximately 2 years of global land use change emissions). The climate mitigation value of conserving the 549 million ha of tropical forest that remains intact is therefore significant but will soon dwindle if their rate of loss continues to accelerate.

¹⁵ Funk, J.M., *et al.* (2019) Securing the climate benefits of stable forests. *Climate Policy* DOI: 10.1080/14693062.2019.1598838

[The exceptional value of intact forest ecosystems \(2018\)](#)

As the terrestrial human footprint continues to expand, the amount of native forest that is free from significant damaging human activities is in precipitous decline. There is emerging evidence that the remaining intact forest supports an exceptional confluence of globally significant environmental values relative to degraded forests, including imperilled biodiversity, carbon sequestration and storage, water provision, indigenous culture and the maintenance of human health. Here we argue that maintaining and, where possible, restoring the integrity of dwindling intact forests is an urgent priority for current global efforts to halt the ongoing biodiversity crisis, slow rapid climate change and achieve sustainability goals. Retaining the integrity of intact forest ecosystems should be a central component of proactive global and national environmental strategies, alongside current efforts aimed at halting deforestation and promoting reforestation.

[The last frontiers of wilderness: Tracking loss of intact forest landscapes from 2000 to 2013 \(2017\)](#)

An intact forest landscape (IFL) is a seamless mosaic of forest and naturally treeless ecosystems with no remotely detected signs of human activity and a minimum area of 500 km². IFLs are critical for stabilizing terrestrial carbon storage, harboring biodiversity, regulating hydrological regimes, and providing other ecosystem functions. Although the remaining IFLs comprise only 20% of tropical forest area, they account for 40% of the total aboveground tropical forest carbon. We show that global IFL extent has been reduced by 7.2% since the year 2000. An increasing rate of global IFL area reduction was found, largely driven by the tripling of IFL tropical forest loss in 2011–2013 compared to that in 2001–2003. Industrial logging, agricultural expansion, fire, and mining/resource extraction were the primary causes of IFL area reduction. Protected areas (International Union for Conservation of Nature categories I to III) were found to have a positive effect in slowing the reduction of IFL area from timber harvesting but were less effective in limiting agricultural expansion. The certification of logging concessions under responsible management had a negligible impact on slowing IFL fragmentation in the Congo Basin. Fragmentation of IFLs by logging and establishment of roads and other infrastructure initiates a cascade of changes that lead to landscape transformation and loss of conservation values. Given that only 12% of the global IFL area is protected, our results illustrate the need for planning and investment in carbon sequestration and biodiversity conservation efforts that target the most valuable remaining forests, as identified using the IFL approach.

[Securing the climate benefits of stable forests \(2019\)](#)

Stable forests – those not already significantly disturbed nor facing predictable near future risks of anthropogenic disturbance – may play a large role in the climate solution, due to their carbon sequestration and storage capabilities. Their importance is recognized by the Paris Agreement, but stable forests have received comparatively little attention through existing forest protection mechanisms and finance. As a result, today’s stable forests may be at risk without additional efforts to secure their long-term conservation. We synthesize the gaps in existing policy efforts that could address the climate-related benefits derived from stable forests, noting several barriers to action. We argue that resource and finance allocation for stable forests should be incorporated into countries’ and donors’ comprehensive portfolios aimed at tackling deforestation and forest degradation as well as resulting emissions. A holistic and forward-looking approach will be particularly important, given that success in tackling deforestation and forest degradation where it is currently happening will need to be sustained in the long term.

Institutions to Partner with or to organize elements of the SCF Forum

We thank you for the opportunity to submit inputs on behalf of our Partnership, and are eager to support the work of the Committee in planning this Forum. Please let us know if you have any questions.

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