Forest Stewardship Council®

3 September 2026

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FSC's Views on the Climate Finance Work Programme's Questions

The Climate Finance Work Programme presents an important opportunity to move beyond discussions focused primarily on the quantity of climate finance and toward a more strategic conversation about how finance can drive transformational outcomes. While increasing the provision and mobilization of climate finance remains essential, the programme would benefit to place greater emphasis on the effectiveness, catalytic impact, and accessibility of finance, particularly in sectors that are critical to achieving both climate and biodiversity objectives.

Climate Investment for Forestry, Sustainable Land Use, and Nature-Based Solutions:

One notable gap in the current farming is the limited attention to forests, sustainable land use, and nature-based solutions. Many developing countries have identified forests and landscapes as central components of their climate and development strategies, yet finance for these sectors continues to fall far short of what is needed. This gap could be overcome by the work programme explicitly recognizing forests and nature-based solutions as essential climate mitigation and adaptation pathways and encourage discussion on how finance can be scaled for forest conservation, restoration, sustainable forest management, and community-led landscape initiatives. Here are our comments:

1- **Mobilizing Private Capital:** The programme could also strengthen its focus on mobilizing private capital. While substantial pools of capital exist globally, investment is often constrained by structural barriers rather than a lack of financial resources. In particular, there is a need to address challenges related to risk perception, transaction costs, regulatory uncertainty, limited project pipelines, and insufficient investment-ready opportunities in developing countries. The work programme would benefit from exploring what policy, institutional, and financial reforms are needed to unlock greater private sector participation in climate action.

2- **Greenfield Investments:** More attention to the financing of greenfield projects and early-stage investment opportunities would highlight opportunities here. Many climate and nature-based solutions struggle to attract investment because they require support during the project development and origination phases, before they are considered bankable by commercial investors. Dedicated discussions on project preparation facilities, technical assistance, concessional capital, blended finance, guarantees, and other risk-sharing instruments would be valuable to identify pathways for bringing more greenfield climate and forest stewardship investments to market. Without stronger support for project origination and pipeline development, climate finance risks concentrating on mature projects while overlooking some of the most impactful opportunities for long-term transformation.

3- **Matching Catalytic Finance:** Relatedly, the work programme has the potential to explore how public and concessional finance can be used more effectively to catalyze private investment to match the forest and nature-based solution horizons. Blended finance approaches can play a critical role in addressing risks that prevent capital from flowing into priority sectors such as sustainable forestry, landscape restoration, adaptation, and community-based climate initiatives. Understanding which structures have been most successful and how they can be scaled would provide practical value for Parties and stakeholders alike.

4- **Access to Climate Finance for Indigenous Peoples and Forest Local Communities:** On access, the programme would benefit from more explicitly examination of the barriers faced by Indigenous Peoples, local communities, women-led organizations, and other actors that are often closest to climate and nature solutions yet remain underserved by existing funding mechanisms. Simplifying access procedures, strengthening local capacities, and increasing opportunities for direct access should be considered essential elements of an inclusive climate finance system.

5- **Accessible and Scalable Financial Incentives:** The work programme can place greater emphasis on creating accessible and scalable financial incentives for conservation and sustainable resource management, including payments for ecosystem services, jurisdictional approaches, and other mechanisms that reward measurable climate, biodiversity, and community outcomes. Climate finance should not only support project implementation but also help countries establish the enabling conditions required to attract and sustain investment, including clear policy frameworks, land tenure security, institutional capacity, transparent benefit-sharing mechanisms, and systems for measuring and verifying environmental outcomes.

6- **Transparency:** Finally, discussions on transparency can be extended beyond tracking financial inputs and outputs to measuring the real-world impacts of climate finance. Greater attention on how climate finance contributes to emissions reductions, resilience, biodiversity conservation, ecosystem integrity, and community well-being would add value to transparency. A stronger focus on outcomes would help ensure that finance is not only mobilized, but also deployed in ways that maximize climate, nature, and development benefits.

As the work programme evolves into its next phase, FSC urges the prioritization of actionable solutions that can accelerate the flow of finance to high-impact climate investments. This includes strengthening support for forests and nature-based solutions, expanding the pipeline of investment-ready greenfield projects, leveraging public finance to mobilize private capital, improving access for local stakeholders, and enhancing the measurement of climate and biodiversity outcomes. Such an approach would help ensure that the work programme contributes not only to increasing climate finance flows, but also to transforming financial systems in ways that deliver meaningful and lasting results.

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