Work Programme on Climate Finance

(a) What are your overall expectations for the climate finance work programme? What concrete outputs and outcomes should the climate finance work programme deliver?

(b) What are the thematic pillars of the climate finance work programme and the related subtopics that we should address within each pillar?

(c) How should the climate finance work programme be organized to ensure that the format is inclusive, balanced, and technically robust, while addressing climate finance comprehensively and delivering outcomes that are actionable and meaningful?

(a) Expectations, Outputs, and Outcomes

Overall Expectations

Our primary expectation is that the work programme aligns financial flows with the scientific reality that terrestrial ecosystems are a primary lever for both mitigation and adaptation. Specifically, we expect the programme to adopt a "Potential-Proportional" Allocation Framework.

Under this framework, climate finance for Nature-based Solutions (NbS) - which we categorize technically as Land Use, Land-Use Change, and Forestry (LULUCF) and Resilient Agricultural Ecosystems - should be proportional to their quantified potential for:

- **Carbon Sequestration:** Maximizing the sink capacity of global soil stocks, which have the potential to **sequester at least 27% of the total emissions** reductions needed to limit warming to 2°C.
- **Emission Reductions:** Mitigating emissions from conventional land use. Scientific consensus indicates that annual emissions reductions from agriculture can **decrease overall global emissions significantly** in two ways: directly, by minimizing soil disturbance and promoting soil health, resulting in reduced CO2 emissions from soil; and indirectly, by decreasing the use of synthetic inputs, such as mineral fertilizers.
- **Hydrological Cooling:** Leveraging the water cycle and soil moisture retention to mitigate regional temperature extremes. Restoring the Soil Carbon Sponge globally and, consequently, the planet's water cycle could **offset up to 3.0 W/m² of solar heating.**

Furthermore, the programme must value Non-Carbon Benefits (NCBs) and positive externalities. Finance should be weighted to account for the role of soil health in ensuring Food Security, maintaining Peace and Stability by preventing land-degradation-driven migration, and enhancing biodiversity.

Despite this immense potential, current financial flows are severely misaligned. While NbS can provide up to **33%** of the cost-effective mitigation needed by 2030, global annual investment in NbS was estimated to be only 200 billion USD or about **9% of total climate finance** mobilized by developed nations is currently channeled toward NbS-related activities in 2022.

Concrete Outputs and Outcomes

- **Output: Global Soil Finance Roadmap.** A strategic document developed within the work programme that maps current financial gaps and outlines pathways to provide accessible capital to the world's 500 million smallholder farmers.
- **Outcome: Large-Scale Mainstreaming of Regenerative Agriculture.** Transitioning from niche pilot projects to integrated financial mechanisms that incentivize regenerative practices at a landscape level.
- **Outcome: De-risking and Transition Finance.** The establishment of specific "first-loss" guarantees and insurance products designed to bridge the 3-5 year "yield-transition gap" that farmers face when moving from conventional to regenerative systems.

(b) Thematic Pillars and Subtopics

The work programme should be structured around four horizontal pillars, each evaluated for its dual-benefit potential in mitigation and adaptation:

Pillar	Focus & Potential	Key Subtopics
Energy	High mitigation; infrastructure resilience.	Grid decarbonization, storage, decentralized renewables.
Mobility	Mitigation through efficiency and electrification.	Low-carbon transit, urban planning, EV infrastructure.
Industry	Decarbonizing hard-to-abate sectors.	Circular economy, green hydrogen, process efficiency.
Nature-based Solutions (NbS)	**High Potential:** Direct carbon sinks + local cooling + resilience.	*See below.*

While the first three pillars have adequate access to finance, we call for the fourth pillar to be strengthened to ensure that the lowest-hanging fruit - nature-based solutions, which are far less expensive and offer high returns on investment - is leveraged on par with the other three pillars.

NbS Subtopics (LULUCF & Agriculture)
Consistent with the UNFCCC's focus on terrestrial sinks and ecosystem-based adaptation, the NbS pillar should address:

- **Soil Organic Carbon (SOC) Enhancement:** Financial instruments for the restoration of degraded lands and the sequestration of atmospheric CO2 into the soil.
- **Hydrological Integrity & Water Retention:** Funding for land management that restores soil's "sponge" function to prevent floods and droughts.
- **Regenerative Vegetation Management:** Support for agroforestry and cover-cropping that stabilizes microclimates and protects biodiversity.
- **Smallholder Inclusion:** Ensuring Article 9 finance reaches the local level, bypassing

traditional institutional barriers.

(c) Organization and Inclusivity

To ensure the work programme is inclusive, balanced, and technically robust, we propose the following organizational mandates:

- **Enhanced Observer Representation:** The secretariat should implement a protocol that ensures that accredited observers representing civil society and farmers' organizations have a dedicated role in reviewing draft findings before they reach the voting floor. This increases transparency and ensures that the needs of those most affected by land degradation are reflected in the drafts.
- **Secretariat-Mandated NbS Dialogues:** To prevent NbS from being sidelined by energy-heavy discussions, the work programme must include mandated and facilitated technical time specifically for NbS. This should be a formal space within the two-year cycle to bridge the gap between scientific potential (e.g., soil carbon) and financial implementation.
- **Technical Robustness:** Sessions should involve a balance of financial experts and NbS scientists - like the soil, forest, ecology and biodiversity experts - to ensure that actionable outcomes are based on measurable ecological indicators, such as the increase in Soil Organic Matter.