



**Submission to the Standing Committee on Finance concerning the Forum on Finance
for Nature-Based Solutions
Center for International Forestry Research (CIFOR)**

July 2020

Key Points

- Nature-Based Solutions (NBS) have been interpreted as ‘many things to many people’, which may create challenges in the design and implementation of activities through UNFCCC financial mechanisms;
- Financial mechanisms of the UNFCCC should define NBS to include both adaptation and mitigation in the context of the Paris Agreement and the UN Framework Convention on Climate Change;
- Parties to the UNFCCC and the CBD recognise that the climate and biodiversity emergencies are indivisible and interlinked, and the Chile Madrid Call to Action (COP 25) calls for an integrated approach to biodiversity loss and climate change;
- Financial mechanisms to the UNFCCC should ensure that investments in NBS do not replace ecosystems of high or low-carbon density, high biodiversity and livelihood values with high-carbon, low biodiversity and low livelihood value;
- The SCF Forum should explore the extensive technical work done related to climate change, biodiversity and ecosystems-based solutions through the CBD and support enhanced coordination between the UNFCCC and the CBD;
- Due to the significant overlap between natural lands, conservation areas and lands managed by indigenous peoples, there is a need for more rights-based approaches and enhanced participation of indigenous peoples and local communities in projects and programs to be financed through UNFCCC financial mechanisms;
- The SCF should draw on CBD decision 14/5, Biodiversity and climate change for the purpose of guidance to the financial mechanisms of the UNFCCC, to be decided at UNFCCC COP26.

Introduction

This Submission is made by the Center for International Forestry Research (CIFOR) in response to the call for submissions issued by the COP25 to the UNFCCC Standing Committee on Finance (SCF) concerning its upcoming Forum to be held in 2021, on the subject: Finance for Nature-Based Solutions (NBS).

The SCF has since released a document entitled: Co-facilitators’ Note on the next Forum of the Standing Committee on Finance¹, which sets out Background, Context, Narrative, Objectives, and a Draft Programme of the Forum, and considers a number of proposed items for consideration².

¹ <https://unfccc.int/sites/default/files/resource/Co-facilitators%20note%20on%20the%202021%20SCF%20Forum.pdf>

² Issue areas planned for inclusion in the forum are: the transformative potential of nature-based solutions; the science and policy context for financing NBS for climate; creating enabling environments to mobilize and access scaled up finance; sources and means of accessing finance for NBS for climate; perspectives and experiences developing NBS projects for climate; and key outcomes and way forward. It proposes break-out groups across the 2 day event on matters, including: NBS for climate mitigation; NBS for climate adaptation and resilience; NBS for cross-cutting; mainstreaming NBS into climate change strategies and plans at the national and sub-national levels and translating them into projects and programmes; innovative governance approaches and engagement of local communities and indigenous people; policy and monitoring frameworks for supporting and scaling up NBS finance; public finance for NBS; private finance for NBS; innovative

The Objectives of the Forum, as set out in the Co-Facilitators Note propose that it should enhance the understanding of using sustainable nature-based and ecosystems-based solutions for climate change adaptation and mitigation and the opportunities and challenges at all levels:

- To increase awareness on the potential of climate finance for NBS for climate change at all levels;
- To identify possible ways to scale-up the mobilization of and access to climate finance for NBS and;
- To provide a platform for actors involved in climate finance for NBS to network and share information.

Scope and purpose of the Forum

For the purpose of this Submission, we place emphasis on: the need for a clear definition of NBS to increase ambition; the relationship between Ecosystems-Based Approaches through the Convention on Biological Diversity (CBD) and addressing nature and climate in an integrated manner through the UNFCCC; and the important role of Indigenous Peoples and local communities in NBS actions.

The need for a clear definition of NBS within the UNFCCC to increase ambition

During 2019, the role of nature in climate action became a priority discussion, including through the launch of the UN Decade on Ecological Restoration, the IPCC Special Report on Land, the IPBES Global Assessment and the ‘Nature-Based Solutions’ workstream of the Climate Action Summit. Many side events occurred on the subject during COP25 and there have been some indications of emphasis on NBS during COP26, as well as this process underway through the SCF.

The IUCN has broadly defined the term, since 2016³ 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*". The IUCN has also recently released a new Global Standard⁴, which provides conceptual and operational clarity supporting transformative change. The breadth of the term has created multiple interpretations, and has run the risk of becoming ‘many things to many people’, hence creating challenges in the design and implementation of activities, and coordinated and consistent support through the UNFCCC financial mechanisms (GCF, GEF and Adaptation Fund).

This broad interpretation of the term NBS has already led to multiple interpretations. For example, an internal, unpublished CIFOR analysis of 187 proposals that were submitted to the UN Climate Summit in 2019 showed wide variation in understandings of what constitutes a Nature-Based Solution (Zou et al 2019 in preparation). Through this analysis, CIFOR could identify that priority target ecosystems for NBS in those submissions include forests, cultivated landscapes, marine and coastal regions, with a large number of the proposals advocating for the widespread establishment and improved management of protected areas. However, where technical interventions were advocated for, such as geoengineering, carbon capture and storage and renewable energy, the submissions appear to make a significant departure from the IUCN definition emphasis on restoration, management, and protection of natural ecosystems. Only four submissions provided comprehensive explanations of how their proposed contribution comprises a nature-based solution for climate change adaptation and mitigation. Some organizations have come forward with Statements and Positions, including a joint letter on behalf of 20 well experienced organizations sent to the President of COP26⁵ seeking to define the subject, and there

financial mechanisms and instruments; capacity-building and project preparation support for NBS for climate change; improving readiness of a country or an entity to access and disburse climate finance, with a focus on community-prioritised investments, standards and requirements and safeguards: and how to scale-up NBS projects for climate.

³ https://portals.iucn.org/library/sites/library/files/resrecfiles/WCC_2016_RES_069_EN.pdf See also:

<https://www.iucn.org/theme/ecosystem-management/our-work/iucn-global-standard-nature-based-solutions>

⁴ Global Standard for Nature-Based Solutions: <https://portals.iucn.org/library/sites/library/files/documents/2020-020-En.pdf>

⁵ <https://nbsguidelines.info/>

are a number of important publications, with overlapping terms found in the literature, namely: ‘Nature-Based Solutions’ as defined by Cohen-Shacham et al. 2016, ‘Natural Climate Solutions’ as defined by Griscom et al. 2017, 2020, and ‘Ecosystem-Based Approaches’ as defined by the Convention on Biological Diversity (CBD).

It would be our submission that, in a UNFCCC context, NBS should be defined in the context of the Paris Agreement, most notably, the relevant provisions of the Preamble, and Articles 4, 5 and 7 and Article 2 of the UN Framework Convention on Climate Change. NBS should ensure genuine ambition increases. NBS actions should include both adaptation and mitigation, they should be implemented with the purpose of reducing emissions through high-impact and resilient projects and programmes with long lasting effects, and should not undermine sustainable development. They should follow the principle that they do not delay urgent action to decarbonise economies, or become a substitute for a rapid fossil fuel phase-out. Each ‘nature-based’, ‘ecosystem-based’ or ‘natural’ climate solution is a discrete and quantifiable type of action on the ground, requiring enabling policy frameworks, safeguards and economic incentives, to be considered in the context of many other development issues. These overarching issues need to be considered in the design, assessment, implementation and scaling up of any NBS activities supported by UNFCCC financial mechanisms.

The relationship between Ecosystems-Based Approaches and Nature-Based Solutions

The SCF Note concerning the Forum identifies objectives related to sustainable nature-based *and* ecosystems-based solutions. It is therefore important to consider both items in their policy context. Ecosystem-based solutions is a term long utilised within the Convention on Biological Diversity (CBD), while the term Nature-Based Solutions has been long used by the IUCN and in some project development, and more recently gaining traction within the UNFCCC.

Most recently, the UNFCCC COP25 Chile Madrid Time for Action (UNFCCC COP 25 2019) outcome, *“underlines the essential contribution of nature to addressing climate change and its impacts and the need to address biodiversity loss and climate change in an integrated manner”*. The CBD COP14 Decision 14/5 Biodiversity and climate change (CBD COP 14 2018) expressed [deep concern] *“that escalating destruction, degradation and fragmentation of ecosystems would reduce the capacity of ecosystems to store carbon and lead to increases in greenhouse gas emissions, reduce the resilience and stability of ecosystems, and make the climate change crisis ever more challenging”*.

Both, Parties to the UNFCCC and the CBD now recognise that the climate and biodiversity emergencies are indivisible and interlinked (IPCC 2018, 2019a, b; IPBES 2019). Solving both requires integrated action to protect and restore existing carbon-rich natural ecosystems and their key functions and biodiversity in order to achieve the goals of the Paris Agreement (IPCC 2018, Griscom et al. 2017, Seddon et al. 2019 and Roe et al. 2019). Financial mechanisms to the UNFCCC should follow the principle that they ensure investments in NBS do not replace ecosystems of high or low-carbon density, high biodiversity and livelihood values with high-carbon, low biodiversity and low livelihood values and develop bold, scaled-up approaches to the stewardship of natural ecosystems that can help society meet the urgent goals of climate mitigation and adaptation (Dinerstein et al. 2019).

The Convention on Biological Diversity, through its Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) and the outcomes of COP 15 show a deep understanding of the links between the climate and biodiversity crises through several years of technical work on ecosystems-based solutions and climate change. At the same time, existing or proposed ‘Nationally Determined Contributions’ (NDCs) provide little information concerning linkages between climate and biodiversity. Relevantly, the Paris Agreement does include reference to the importance of the integrity

of all ecosystems⁶ in its Preamble, and Article 5 provides a direct link to ecosystems⁷ and the related provisions of the UNFCCC⁸ and to the voluntary REDD+ Framework⁹, all of which provide a strong foundation to build upon.

The SCF Forum should include dedicated sessions to explore the extensive technical work done related to climate change, biodiversity and ecosystems-based solutions through the CBD for the purpose of efficiency and urgency of action, and to enhance coordination between the respective Conventions. The Forum should include consideration of guidance to UNFCCC financial mechanisms related to:

- How NBS activities can provide support to the CBD Aichi targets (which are currently not on track), and the Strategic Plan for Biodiversity;
- How to utilise the Voluntary Guidelines for the design and effective implementation of ecosystem-based approaches to climate change adaptation and disaster risk reduction as agreed at CBD COP15¹⁰; and
- How NBS activities funded through UNFCCC financial mechanisms can take into consideration the provisions of CBD COP15 Decision 14/5, Biodiversity and climate change, including:
 - o Ensuring projects and programs funded by the UNFCCC financial mechanisms do not contribute to the drivers of biodiversity loss or ecosystem degradation;
 - o Ensuring ecosystems, which are currently carbon sinks, do not become carbon sources;
 - o Ensuring adequate design, implementation and monitoring of projects and programmes respecting the principles outlined above;
 - o Identification of regions, ecosystems and components of biodiversity that are or will become vulnerable to climate change;
 - o Integration of biodiversity and ecosystem integrity considerations into national policies, strategies and plans on climate change (e.g.: NDCs, NAPs); and
 - o Develop and maintain systems and tools to monitor and assess the impacts of climate change on biodiversity and biodiversity-based livelihoods.

Indigenous peoples and rights based approaches

IPCC and IPBES assessment both recognise the key role of Indigenous Peoples and local communities in mitigating the biodiversity and climate crises (IPCC 2018, 2019a, b; IPBES 2019). There has been an increase in recognition of the important role of Indigenous Peoples in both the CBD and the UNFCCC processes, including through the financial mechanisms of the UNFCCC. For example, the UNFCCC has put in place a Local Communities and Indigenous Peoples Platform and the Green Climate Fund has a policy on Indigenous Peoples (GCF IP Policy), including standards on Free Prior and Informed Consent (FPIC) processes related to GCF Projects and Programmes.

There is significant overlap between natural lands, conservation areas and lands managed by indigenous peoples (Garnett et al. 2018). At least one-quarter of the known carbon stored in the

⁶ The Preamble of Paris Agreement States: Noting the importance of ensuring the integrity of all ecosystems, including oceans, and the protection of biodiversity, recognized by some cultures as Mother Earth, and noting the importance for some of the concept of “climate justice”, when taking action to address climate change;

⁷ Article 5.1 of the Paris Agreement States: Parties 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;

⁸ Article 4, *paragraph 1(d)*, of the Convention states: All Parties, taking into account their common but differentiated responsibilities and their specific national and regional development priorities, objectives and circumstances, shall promote sustainable management, and promote and cooperate in the conservation and enhancement, as appropriate, of sinks and reservoirs of all greenhouse gases not controlled by the Montreal Protocol, including biomass, forests and oceans as well as other terrestrial, coastal and marine ecosystems;

⁹ Article 5.2 of the Paris Agreement

¹⁰ CBD COP 15 Decision 14/5 Encourages Parties, other Governments and relevant organizations, taking into account domestic priorities, circumstances and capabilities, to make use of the voluntary guidelines, in line with the ecosystem approach, when designing and implementing ecosystem-based approaches to climate change adaptation and disaster risk reduction, recognizing that this may also jointly contribute to climate change mitigation;

<https://www.cbd.int/doc/decisions/cop-14/cop-14-dec-05-en.pdf>

world's tropical and sub-tropical forests (1000 Gt CO₂) is in collectively managed territories (RRI 2018). Indigenous Peoples hold a central role to the success of nature-based interventions, however they are often included in climate projects and programmes as beneficiaries, or impacted persons, whereas in many cases they hold customary rights and entitlements to land and resources. This calls for a change from top-down project design to a more rights-based approach and design for engagement (Larson and Sarmiento Barletti 2020). Many rights-based approaches are achieving conservation outcomes equivalent to those of government-funded protected areas, with minimal resources and lower costs⁷ (Tauli-Corpuz et al. 2018). Such approaches are economical and high impact and should be a pillar of NBS climate actions and at the core of ambition. Rights based approaches to NBS should be a further consideration by the SCF Forum, and may be categorised into three areas, namely: Procedural rights (e.g.: free prior and informed consent); Rights pertaining to food security and sovereignty; and Land rights and legal recognition of land and resource tenure.

The CBD has for many years been very active in the inclusion of Indigenous Peoples and takes the issue further in the recent COP14 Decision concerning Biodiversity and Climate Change (CBD COP 14). The SCF could draw from this CBD decision in relation to provision of Guidance to the financial mechanisms of the UNFCCC related to the design, implementation and monitoring of projects and programmes. The CBD decision encourages Parties, other Governments and relevant organizations:

- (a) To conduct activities, recognizing that the effects of climate change are disproportionate, with the full and effective participation of indigenous peoples and local communities, women, youth and elders, appropriately recognizing and supporting the governance, management and conservation of the territories and areas of indigenous peoples and local communities, and, as appropriate, in coordination with the Local Communities and Indigenous Peoples Platform;
- (b) To encourage activities at the local level led by Indigenous Peoples and local communities, including consideration and integration of indigenous and traditional knowledge, practices, plans and institutions; subject to the free, prior and informed consent of Indigenous Peoples and local communities, as appropriate, and consistent with national policies, regulations and national circumstances;
- (c) To ensure that the activities do not contribute to the drivers of biodiversity loss or ecosystem degradation, or negatively affect the Indigenous Peoples and local communities that depend on ecosystem functions and services;
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- (h) To strengthen protected area management effectiveness and conservation of natural ecosystems, including the biodiversity conservation approaches of indigenous peoples and local communities.

The current proposed format of the SCF Forum does create space for consideration of innovative governance approaches and engagement of local communities and indigenous peoples and a focus on community-prioritised investments, standards and requirements and safeguards. The draft programme also places significant emphasis on 'scaling up' nature-based solutions. Resilience of rural communities and indigenous peoples takes on a new importance in the face of the Covid-19 pandemic, and the SCF Forum should consider how to ensure that scaling up of NBS climate interventions is done in a way that prevents any negative impacts on indigenous peoples and local communities, thereby potentially decreasing their resilience to the impacts of climate change or other shocks. Such measures should be pro-active and embedded in project design and risk management, rather than be addressed in a reactive manner through only safeguards or mitigation measures after the event.

Potential institutions and events to partner with, in the organization of the Forum

The Co-Facilitators Note recognises the current challenges associated with Covid-19 and has shifted the Forum to 2021. An in-person Forum is preferred in order to foster interactions and meaningful engagement from the participants. In previous years the SCF has organized successful Forums back-to-back with other relevant events in order to maximize participation.

Despite the global Covid-19 pandemic crisis, the Global Landscapes Forum (GLF) convened by CIFOR on behalf of over 25 Charter Members has been able to continue by holding events online, and the SCF may wish to contribute to or participate in such events either in preparation for the Forum during 2020 or in 2021. Planning ‘in-person’ events for 2021 remains a challenge. In this context, the GLF plans to hold the following events in coming months, and would welcome collaboration with the SCF in relation to the Forum on NBS:

- [GLF Biodiversity 2020](#) ‘One World – One Health:’ a digital conference held in partnership with the UN Convention on Biological Diversity secretariat on 28 – 29 October 2020¹¹ to contribute to the Post-2020 Global Biodiversity Framework and the UN Decade on Ecosystem Restoration. This event will bridge the narratives on biodiversity, restoration, and health by gathering biodiversity experts, investors, scientists, policymakers, journalists, activists, private sector and Indigenous groups to learn how the world’s leading organizations are uniting in the wake of Covid-19 to conserve and protect the world’s disappearing biodiversity.
- [GLFx](#): An ongoing initiative designed to scale up local action for sustainable landscapes. GLFx is a digital platform which offers all members the opportunity to connect, share, learn, and act locally and globally. The GLF is providing new connections, technology, and knowledge for the establishment of independently organized local chapters across the globe and several global communities of practice held online.
- GLF Digital Forums or Conferences: Ongoing series of conversations with global leaders, experts, and influencers on the world’s most pressing issues, including green finance, sustainable value chains, and private sector partnerships. These events are co-created and developed with partners and leading development organizations.

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¹¹ <https://events.globallandscapesforum.org/biodiversity-2020/>

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