

## **UNFCCC Standing Committee on Finance (SCF) Forum on Financing Nature-Based Solutions**

*Submission by the International Union for Conservation of Nature (IUCN)*

The International Union for Conservation of Nature (IUCN) is pleased to make the following submission in response to the [invitation](#) of the UNFCCC's Standing Committee on Finance (SCF) to provide inputs on its next Forum on *Financing Nature-Based Solutions*.

### **I. Introduction**

As the world's largest and most diverse environmental network – with 1,400 members across 170 countries, including States, Government Agencies, NGOs and Indigenous Peoples Organisations – IUCN has been honoured to pioneer the global development, promotion and implementation of Nature-Based Solutions (NBS) over the last decade.

In 2016, IUCN members adopted a formal [definition](#) of NBS at the *IUCN World Conservation Congress* held in Hawaii, USA, representing the broadest agreed view of the global conservation community on this subject. In September 2019, IUCN launched a [study](#) at the UN Climate Action Summit, together with the University of Oxford, which assessed how NBS have been incorporated within Nationally Determined Contributions (NDCs) under the Paris Agreement to date, and how ambition can be raised further through their more substantive inclusion in future NDCs. Most recently, in July 2020, IUCN published the first-ever [Global Standard for Nature-Based Solutions](#) to support the application and implementation of NBS in a consistent and coherent manner worldwide, with the high-level events launching the Standard receiving a global online viewership of over 7,000. IUCN is presently also supporting the COP26 Presidency and the UK's High-Level Climate Action Champion on this topic, which has been identified as one of the thematic priorities of the Glasgow COP.

IUCN is simultaneously also engaged in the on-the-ground implementation of a large and diverse portfolio of NBS projects and initiatives worldwide. This includes major global efforts such as the [Bonn Challenge](#), which aims to bring into restoration 350 million hectares of deforested and degraded land by 2030, in support of the *UN Decade on Ecosystem Restoration*. We are also involved in a wide range of NBS financing initiatives, including the [Blue Natural Capital Financing Facility](#) and the [Global Ecosystem Adaptation Fund](#). As a Project Agency of the *Global Environment Facility (GEF)* since 2014, and an international Accredited Entity of the *Green Climate Fund (GCF)* since 2016, IUCN has also directly supported a growing portfolio of NBS implementation worth approx. US\$ 200 million to date through these two agencies. Together with [Mirova](#), a fund manager, we are also developing a new innovative catalytic investment vehicle to accelerate private sector investment in NBS, which is planned to be launched in 2021.

IUCN therefore warmly welcomes the decision of the SCF to hold its next Forum on the topic of *Financing Nature-Based Solutions*. We look forward to actively contributing our institutional experiences and expertise towards the successful organisation and delivery of this event.

The present submission covers the following topics, as requested for in the SCF's call for inputs:

- Venue and Dates of the Forum/ Potential Partner Institutions and Events
- Scope and Purpose of the Forum
- NBS related papers and case studies that could inform the Forum

## **II. Venue and Dates of the Forum/ Potential Partner Institutions and Events**

While we understand that the SCF will be considering options for the venue and dates of this Forum at its 22nd meeting in November 2020, we would like to take this opportunity to offer the forthcoming [IUCN World Conservation Congress](#), to be co-hosted by IUCN and the Government of France in Marseille, France on 7-15 January 2021, as a possible venue for it. In this regard, we are also happy to propose IUCN as a potential partner for the organisation of the *SCF Forum on NBS Financing*.

The *IUCN World Conservation Congress* is a quadrennial event comprising two key parts: a Forum (8-11 January) – a hub of public debate bringing together stakeholders from around the world to discuss and develop solutions to the world's most pressing conservation and sustainability challenges – and a Members' Assembly (12-15 January), which is IUCN's highest decision-making body, limited to its membership. With over 1,350 sessions and 100 Resolutions, the 2016 IUCN Congress, held in Hawaii, attracted over 10,000 people, reached over 75 million people online, and generated more than 21,000 media articles. Major outcomes and announcements that came out of Hawaii included, for example, the creation of the [Coalition for Private Investment in Conservation \(CPIC\)](#). The Hawaii Congress hosted over 100 events focusing on different dimensions of climate change, including NBS, and successfully brought together key high-level participants from across the world to highlight the importance of this topic, including the [UNFCCC Executive Secretary](#).

Given that NBS will be a central focus of the forthcoming IUCN Congress in Marseille as well, and expected to attract wide global participation of NBS policymakers, practitioners, experts, donors and supporters from across all levels, we believe that it could be a pragmatic and opportune choice to organise the *SCF Forum on NBS Financing* in conjunction with the IUCN Congress in Marseille.

Given the breadth and depth of the NBS-related events that are currently scheduled to take place during the Marseille Congress (including within a dedicated [NBS Pavilion](#)), the positive synergies that could be realised by organising the SCF Forum alongside it are considerable. For example, not only would the SCF Forum benefit from the wider presence and participation of the global NBS community attending the IUCN Congress, it would also – if appropriately designed – allow for its key messages and outcomes to be directly presented to the IUCN Members Assembly, which comprises representatives from over 200 States and Government Agencies and over 1,000 international and national NGOs and Indigenous Peoples organisations, who are direct stakeholders and implementers of NBS.

The key outcomes of SCF Forum could potentially also be formally recognised through the high-level declarations and outcomes that emerge from the Marseille Congress, and amplified through the accompanying media coverage. Furthermore, several other high-level events – a CEOs Summit, a Local Authorities Summit and a *One Planet Summit*, co-convened by IUCN and the French President, Emmanuel Macron – are also planned to take place in Marseille alongside the IUCN Congress. These events, drawing Heads of State and Government, CEOs, Mayors and other global leaders, will provide even greater opportunities for maximising synergies.

What is important, however, is that the decision on this matter be taken at the earliest possible time, so as to allow sufficient time for planning and building the necessary operational linkages between the SCF Forum and the IUCN Congress. In the event that the Congress venue itself ([Palais des Congrès/Parc Chanot](#)) is unable to accommodate the specific requirements of

SCF Forum, there could be options to secure alternative venues in Marseille at the same time as the Congress. These can be explored, also with the support of the French Government, but will need the discussions to commence well in advance. Although IUCN is not in a position to incur any direct financial expenditures associated with the organisation of the SCF Forum itself, we will be happy to offer our technical, logistical and institutional support wherever possible and mutually beneficial, subject to prior discussion and agreement. Similarly, in the event that part or all of the IUCN Congress/SCF Forum is held online, the modalities for the same can also be worked out if the planning for the same is done in advance, and we will be happy to discuss this option as well.

In the event that a decision is taken not to hold the SCF Forum in conjunction with the IUCN Congress, we believe that our Congress in Marseille would still offer a valuable opportunity for the SCF to directly engage with the global NBS community in advance of, and in preparation for, the *SCF Forum on NBS Financing*, regardless of when and where it is finally held. We would be delighted to invite the SCF Co-Chairs to the IUCN Congress, and to speak at some of the high-level events that are currently planned to be held there on Climate/NBS Financing. We would also be happy to continue offering our full technical expertise and substantive participation at the *SCF Forum on NBS Financing*, whenever and wherever it is eventually decided to be held.

### **III. Scope and Purpose of the Forum**

Having reviewed the [Co-facilitators Note on the SCF Forum on NBS Financing](#), IUCN welcomes the Draft Programme Outline of the 2021 SCF Forum. Although there is currently some duplication within some of the identified sub-themes of the Forum, the context, narrative and objectives included in the draft programme outline have been clearly drawn out and presented. Likewise, the proposed draft programme overview also offers a coherent and logical structure to consider and engage with all the key dimensions of NBS financing and implementation in a systematic manner.

We particularly welcome that space has been provided within the current programme outline to consider: (i) NBS for both climate change mitigation and adaptation; (ii) NBS financing from both public and private sources; and (iii) the views of local communities and indigenous peoples in NBS implementation. We believe these dimensions to be critically important. We also welcome the clear recognition within the note that NBS can not only help combat climate change, but can also contribute towards addressing biodiversity loss, desertification, food and water security, and human health and well-being. It is also positive that the note explicitly recognises that both science and indigenous/traditional local knowledge systems are integral to successfully delivering NBS, and that NBS policies have to be designed and implemented in a socially inclusive and gender responsive manner – which IUCN fully endorses and supports.

While considering NBS financing across the various sessions of the Forum, it will be important, in our view, to draw on cases and examples across a diverse spectrum of geographies and ecosystem types – including forests, wetlands, drylands, peatlands, soils, and coastal and marine ecosystems. This can then help identify commonalities as well as differences that might need to be taken into account while mobilising appropriate financial resources for NBS.

A key challenge that we have also identified is that increasing demand for NBS is currently leading, in some cases, to the misuse of the concept. Not all actions labelled as ‘NBS’ provide the anticipated benefits to climate, society and biodiversity. Funders, investors and decision makers need to be confident that the NBS initiatives that they support are effective and scalable, and adequately consider potential social and environmental externalities. Yet, many may lack the resources or expertise to analyse and evaluate NBS projects. To provide support

and clarity on this subject, IUCN has recently developed and launched a [Global Standard for NBS](#) to help governments, business and civil society ensure the effectiveness of NBS, and maximise their potential to help address climate change, biodiversity loss and other societal challenges at scale. Prepared through a two-year consultative process involving over 800 experts and practitioners from across 100 countries, the IUCN Global Standard offers a facilitative framework to consistently and reliably design, verify and scale-up NBS. As part of the opening plenary session of the SCF Forum, we would be happy to not only provide a comprehensive overview of what is NBS, its history and current global status and why it is important, but also present the new global NBS standard.

The draft programme outline/programme overview also rightly highlights the importance of creating conducive enabling environments to mobilise and access scaled-up NBS finance. This was, in fact, one of the key findings of 2019 IUCN-Oxford University study on [Nature-Based Solutions in Nationally Determined Contributions](#), which found that the majority of countries that have so far included NBS in either the mitigation or adaptation component of their NDCs have made their implementation conditional on the provision of external financing and support. This underscores the urgent need to secure robust enabling conditions and enhanced financial flows for NBS.

We hope that the inclusion of dedicated sessions within the programme to focus on both public and private sources of NBS funding and innovative financial mechanisms/instruments, as well as experiences and challenges of NBS project development, will allow for these important topics to be covered in depth. In addition to the topics already listed, it would also be beneficial, in our view, for the SCF Forum to consider including three additional dimensions within its proposed programme:

- (i) The impact of COVID-19 response measures – both as a risk for climate/NBS action, as well as an opportunity to ensure that NBS financing is adequately prioritised and integrated within the green recovery and other post-COVID economic responses and packages being planned and undertaken;
- (ii) The responsible use of carbon markets in delivering NBS finance at scale (including in the context of Article 6 discussions); and
- (iii) Incentives to advance NBS implementation within cities and urban landscapes, which is an increasingly important dimension.

On our part, we will be happy to contribute to all of the planned sessions, as required, drawing on our programmatic expertise and project experiences across the different topics. Some of our relevant work, which may be useful for informing the Forum, is summarised in the section below. We are also working in close partnership with a number of other organisations on this topic, who we hope will also engage and contribute to this Forum.

#### **IV. NBS related papers and case studies that could inform the Forum**

(A) Some recent ***IUCN NBS-related publications*** that could help inform the SCF Forum include the following:

- IUCN (2020) [IUCN Global Standard for Nature-based Solutions: a user-friendly framework for the verification, design and scaling up of NbS \(first edition\)](#)

- IUCN (2020) [Guidance for using the IUCN Global Standard for Nature-based Solutions: a user-friendly framework for the verification, design and scaling up of Nature-based Solutions \(first edition\)](#)
- IUCN (2020) [Blue Infrastructure Finance: A new approach, integrating Nature-based Solutions for coastal resilience](#)
- IUCN and University of Oxford (2019) [Nature-based solutions in nationally determined contributions: synthesis and recommendations for enhancing climate ambition and action by 2020](#)
- IUCN (2017) [Ecosystems protecting infrastructure and communities: Lessons learnt and guidelines for implementation](#)
- IUCN (2016) [Nature-based solutions to address global societal challenges](#)
- IUCN France (2016) [Nature-based solutions to address climate change](#)
- IUCN (2015) [Ecosystem based adaptation: knowledge gaps in making an economic case for investing in nature based solutions for climate change](#)
- IUCN (2015) [Synergies between climate mitigation and adaptation in forest landscape restoration](#)

(B) Some **NBS finance-related initiatives/cases** that IUCN is currently engaged in that could help inform the SCF Forum include the following:

- [Blue Natural Capital Financing Facility \(BNCFF\)](#): Launched in mid-2018, the BNCFF is helping to bridge the funding gap in climate and conservation finance by preparing investment opportunities for the private sector. Using a blended finance approach, the facility, which is managed by IUCN, supports businesses and projects with high climate adaptation and mitigation benefits and advances them to a stage at which for-profit investors start seeing them as an investment opportunity (i.e. bankable). Support provided by the facility includes liquidity (through grants) and technical assistance. To date, the BNCFF has screened over 90 proposals in the coastal and marine space that combine a business model with Nature-Based Solutions. It is currently supporting 6 impact businesses with funding and technical assistance on their way to become financially self-sustaining (i.e. bankable). If successful, BNCFF's current portfolio will protect – independently from further donations – 40,000 hectares of mangroves, 400 hectares of seagrass beds and 5,200 hectares of Marine Protected Areas while creating jobs in eco-tourism, integrated shrimp farming, fishing nets recycling and blue carbon credits trading. The BNCFF pipeline is still growing with more exciting NBS businesses expected to benefit from its support. The facility also provides key insights on the challenges and needs to support and include NBS as part of climate finance, including on the role of technical assistance and blended finance. An overview of projects currently being supported through the BNCFF can be found [here](#).
- [Subnational Climate Fund \(SnCF\)](#): IUCN is part of a consortium with a private sector investor to support the Subnational Climate Fund (SnCF) to raise and invest >US\$ 750 million into sustainable infrastructure. The SnCF follows a blended finance approach to support a range of SDGs, while IUCN makes sure that green infrastructure and NBS are critical components of climate-smart grey infrastructure projects. By demonstrating



how to de-risk investment (blended finance, rigorous safeguards, bankable projects, and certified impact), the SnCF aims to achieve a transformative change where private capital can reach additional, high-integrity, subnational projects, thereby reducing barriers to investment, rewarding investors, certifying impacts, and building capacity to support future investment. The Fund is designed to unlock significant new climate solutions and create scalable models for public and private capital, linking climate resilient technology with NBS – which is an area of increasing interest for capital investors.

- [Coalition for Private Investment in Conservation \(CPIC\)](#): In order to bridge the existing financing gap in conservation, a group of leading civil society organizations, private and public sector financial institutions, and academia have forged a partnership to deliver a material increase in private, return-seeking, investment in conservation called the Coalition for Private Investment in Conservation (CPIC). CPIC was launched at the IUCN World Conservation Congress in 2016 by founding partners Credit-Suisse, Cornell University, IUCN and The Nature Conservancy (TNC), and now has around 100 coalition partners. The members of the coalition are engaged in a concentrated and systematic effort to create investment products aimed at providing a conservation and financial bottom line for private investors. CPIC is developing new investment models and funding pipelines to help close the current conservation funding gap and contribute to global goals for biodiversity conservation and sustainable development. Conservation finance represents a massive, undeveloped private sector investment at present. To increase deal flow in conservation investment, CPIC is working to develop replicable and scalable investment “blueprints” for the following priority sectors: (i) coastal resilience, (ii) forest landscape conservation and restoration, (iii) green infrastructure for watershed management, (iv) sustainable agricultural intensification, and (v) sustainable coastal fisheries. Building on the expertise and experience of the various partners, CPIC serves as a hub, connecting investors and financial institutions with in-country partners, who can help develop and execute investable deals that eventually produce an environmental and financial return. A number of additional resources from the CPIC network that may be directly useful for the SCF Forum are available [here](#).
- Conservation Finance Initiative Accelerator Fund*: As part of the GEF-supported [Conservation Finance Initiative](#), approved by the GEF Council in 2019, IUCN has partnered with Mirova (executing agency) to utilize a GEF project grant of US\$ 8 million to attract additional public and private finance into an innovative financial vehicle that will originate and grow the conservation investment pipeline of projects. The Accelerator Fund will provide US\$ 30 million in blended finance (US\$ 8m GEF, US\$ 16m private, and US\$ 6m public) to support early and viable investment deals via equity and debt instruments over ten years. It is expected that the Accelerator will scale up and grow a portfolio of over US\$ 200 million over time. The initiative is supported by the CPIC network. Such incubator/accelerator offering “smart money” to project developers at a very early stage and technical assistance and upscale investment options currently do not exist. At the same time, it has the potential to be highly catalytic in addressing the current gap of lack of investable projects to support nature. The Accelerator Fund will invest in projects supporting marine, coastal resilience and fisheries; forest protection and sustainable management; forest landscape restoration (incl. agroforestry); green infrastructure for watershed management; and sustainable agriculture. The investment deals supported by the incubator are aimed to contribute to the goals of biodiversity conservation, land degradation neutrality, climate change mitigation and adaptation, improved governance and rights (including gender), and local economic development.

- *Blue Bonds*: Given the growing interest to use blue bonds for climate and conservation purposes, IUCN commissioned a paper in 2019 that analyses the emerging field of blue bonds. It identifies key action items necessary to scale up blue bonds so that they can be used to effectively finance coastal resilience activities that are based on NBS. The paper is aimed both at potential blue bond issuers and related finance sector participants, as well as at a broader audience. It aims to present key concepts and offers approaches to define a place for blue bonds within the emerging field of sustainable finance classification schemes. The paper entitled '*Blue Bonds: Financing Resilience of Coastal Ecosystems*' is available [here](#).
- *Blue Infrastructure*: High-level studies estimate infrastructure investments by 2040 to be around US\$ 94 trillion. This bears immense risk for ecosystems, especially in the coastal and marine space. IUCN has commissioned a study to define how blue infrastructure development can be done better and how smart finance solutions can be an enabling factor for sustainable growth. It argues that Nature-Based Solutions anchored in and serving habitats like mangroves, seagrasses and coral reefs, can help to make infrastructure investments better, more resilient, and financially more attractive. Yet, financial mechanisms are needed to support a paradigm shift away from infrastructure investments in sectors with unclear or negative impacts on nature (sometimes referred to as "grey finance") towards infrastructure investments that provide clean water and energy, support flood control and erosion control, enable transport and data, and protect and enhance natural habitats in coastal and marine areas ("blue finance"). New blended finance solutions integrating Blue Natural Capital (BNC) can play a critical role in enabling this transition. Such solutions can help de-risk blue infrastructure investments, while specifically attracting a suite of private actors, including impact investors. If successful, this can have broad ecological benefits and cascading effects on the coastal and marine systems at all levels. The report from the study is available [here](#).

We hope that all the above inputs provided by IUCN will be useful in informing the design and organisation of the *SCF Forum on NBS Financing*. We look forward to collaborating on this matter further and to participating and contributing to the successful delivery of this important event.

**For more information, please contact:**

Dr. Sandeep Sengupta  
Global Coordinator – IUCN Climate Change Portfolio  
International Union for Conservation of Nature (IUCN)  
Email: [sandeep.sengupta@iucn.org](mailto:sandeep.sengupta@iucn.org)