Recommendations to advance finance for nature under the New Collective Quantified Goal on Climate Finance

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While finance for nature-based solutions has not been a predominant theme during the Ad Hoc Work Programme on the New Collective Quantified Goal (NCQG) on climate finance, nor within the Technical Expert Dialogues, **the NCQG outcome is an important part of addressing the significant nature finance gap and increasing access to high-quality finance for the communities stewarding nature and implementing nature-based solutions (NbS) to climate change.** According to UNEP**: "Annual financial flows to NbS need to more than double by 2025 (from US$200 billion to US$436 billion) and nearly triple to US$542 billion by 2030 to reach climate, biodiversity and land degradation targets."**[1] Yet currently, NbS is particularly underfunded relative to its potential to contribute one-third of global mitigation needs: **the agriculture, forestry, and other land use (AFOLU) sector received only 3% of mitigation and dual mitigation/adaptation finance and 11% of adaptation finance in 2021 – 2022**.[2] Moreover, many of the Indigenous peoples and local communities who implement NbS cannot directly access this climate finance. Climate action in the AFOLU sector is not only underfunded, but most of the finance for the sector currently runs counter to climate and biodiversity objectives: **$7 trillion dollars per year in harmful incentives continue to drive nature loss**[3].

As the NCQG transitions into negotiations, Parties should ensure to incorporate climate finance needs for nature, including for coastal habitats into the outcome at COP 29. Conservation International urges Parties consider the following recommendations.

- **Ensure the principles of the NCQG, its goals, and its implementation are aligned with meeting Article 2.1(c)** of the Paris Agreement. The NCQG decision and resulting processes can be the way that Article 2.1(c) is operationalized in practice.
- Adopt a **multilayer approach in line with the Kunming–Montreal Global Biodiversity Framework** (GBF) consisting of **quantitative targets for the mobilization or provision of climate finance and phasing out harmful subsidies**, and **qualitative elements for domestic resource mobilization, leveraging private finance, and promoting use of blended finance and innovative instruments**. Alignment with the GBF where possible is essential to capture synergies for climate-biodiversity action, as well as streamline implementation and reporting processes. Within this approach:
    - Set an **ambitious annual target for climate finance mobilization or provision from all sources, with sub-goals for mitigation, adaptation, and loss and damage**. The amounts should be based on best available science and data on global climate finance needs, ensuring to fully capture finance needs for NbS and ecosystem-based adaptation (EbA) as well as the needs and priorities of developing countries.

[1] UNEP: State of Finance for Nature 2023
[2] Climate Policy Initiative: Global Landscape of Climate Finance 2023
[3] UNEP: State of Finance for Nature 2023

- Under the annual target for climate finance mobilization or provision, consider setting **sub-goals related to each financing source**, including but not limited to domestic resource mobilization, international finance/ODA, private and philanthropy sector contributions, innovative finance instruments and incentive/subsidy reform. The amounts should be based on how much is currently spent, how much is needed, and national circumstances.
- Under the mitigation goal, consider setting indicative sub-goals related to each sector and/or mitigation pathway. For example, countries should **aim to allocate 30% of their finance to NbS, as it must contribute 30% of mitigation potential to meet the 1.5C goal.**
- **Develop ambitious targets for phasing out harmful subsidies and/or incentives that promote emissions intensive activities and non-resilient development**, including those related to fossil fuels and harmful activities within the AFOLU sector that drive nature loss, among others. Consider setting time-based targets for the identification and analysis of the most harmful subsidies, as well as when and by how much they should be reformed. This should be aligned with Target 18 of the GBF where possible.[4]

- **Set firm goals for 2030, with indicative goals for 2035, and long-term goals for 2050.** Goals should then be updated following a similar format every five years, in accordance with the NDC cycle.
- **Align the timeframe(s), reporting, and review cycle of the goal with already-agreed processes under the Paris Agreement** where possible, such as NDC common time frames, Enhanced Transparency Framework, and the Global Stocktake process, among others. Integrating the NCQG in this manner will allow the goal to regularly reflect new information, as well as reduce the reporting burden and avoid a proliferation of processes for countries already facing capacity constraints. Additional systems can be developed as needed to ensure all elements of the NCQG can be properly monitored.
- Develop **qualitative sub-goals as indicators of success in the delivery of the NCQG**, which should be reported on along with the other goals. These should aspire to:
  - Set **clear standards for high quality, new and additional climate finance** for greater speed, long-term predictability, access, gender-responsiveness, as well as safeguards.
  - Enhanced ability for **Indigenous peoples, local communities, women, and other climate vulnerable groups to directly access climate finance**.
  - Guarantee a **balanced delivery of funding across thematic pillars and sectors**, ensuring to close disproportionate funding gaps for adaptation, the AFOLU sector, and NbS, among others.
  - **Maximize the cost-effectiveness of climate finance** and **encourage provision of finance to climate solutions that have multiple climate, social, and ecological benefits**, including NbS and EbA.
  - Require resource mobilization through **financial instruments that do not add to debt burdens or reduce debt stress of developing countries**, including grants, concessional debt and equity investments, debt-for-nature swaps, and results-based payments.
  - **Build in-country capacity to effectively deliver finance** to project implementation, including support for project readiness and development.
  - **Address knowledge gaps** including the quantification of needs, priorities, and mobilization of climate finance by sector, subsector, geographical region, and time frame.

[4] Target 18 of the GBF: *Identify by 2025, and eliminate, phase out or reform incentives, including subsidies, harmful for biodiversity, in a proportionate, just, fair, effective and equitable way, while substantially and progressively reducing them by at least 500 billion United States dollars per year by 2030, starting with the most harmful incentives, and scale up positive incentives for the conservation and sustainable use of biodiversity.*

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