

Proposed paper for the Next SCF Forum on Financing Nature-based Solutions

Title: How National Climate Funds can catalyse financing for Nature-based Solutions?

Lessons learned from a global benchmark on National Climate Funds

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Abstract:

National Climate Funds (NCFs) are defined as "important tools that countries can develop to manage funding for climate change adaptation and mitigation" (UNDP, 2012). NCFs are domestic funds supervised by national governments, with the aim to enable countries to mobilize funds from a variety of sources, coordinate them, pool them together and report on their use as appropriate and in accordance with national capacities. "In this way, countries keep control over resources mobilization and can make informed choices to direct funding to activities that produce results on the ground." (UNDP, 2012). Thus, NCFs are relevant funding instruments to reinforce country ownership for successful climate action financing.

NCFs are generally multisectoral and thus serve multiple sectoral objectives which can be very appropriate to support financing for Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs) implementation. Many of these funds already finance Nature-based Solutions (NBS) including through targeted support to the sustainable land use sector, encompassing biodiversity conservation, climate-smart agriculture, agroforestry, land degradation neutrality, ecosystem-based adaptation, wood and non-wood forest-based value chains, to name a few.

The proposed paper is composed of three main sections and will build on NCFs case studies including, but not limited to : the Bangladesh Climate Resilience Fund, the Benin National Fund for the Environment and Climate Change (FNEC), the Indonesia Climate Change Trust Fund, the Mali Climate Fund², and the Rwanda's Green Fund (FONERWA)³, among others.

First the analysis uncovers the diversity of financing support provided by NCFs to NBS, specifying the financing instruments and conditions currently used. Secondly it highlights good practices of NBS financing which could be mainstreamed in NCFs. Finally, the paper elaborates on how NCFs are essential tools for sound landscape approaches, which is of high importance as we enter the UN Decade on Ecosystem Restoration. Indeed, many NCFs could serve in implementing the ambitious pledges made in several forest and landscape restoration initiatives such as the Bonn Challenge, AFR100, 20x20, ECCA30 and the Agadir Commitment.

¹ www.tesaf.unipd.it/en/

Some of the key questions addressed will include:

- How existing NCFs support Nature-based Solutions? With what financing instruments? Under what conditions?
- What added value do NCFs bring in financing Nature-based Solutions? What are good practices of NCFs funding for NBS?
- How NCFs can enhance landscape approaches promoting Nature-based Solutions for effective ecosystem restoration?

References include:

- Dalberg (2015): Evaluating the resource mobilisation strategies and sustainability of national climate change funds. Published by Dalberg and CDKN.
- GIZ (2012): It's not just the money: institutional strengthening of national climate funds. Discussion Paper by Gesellschaft für Internationale Zusammenarbeit (GIZ).
- UNDP (2012). Blending Climate Finance Through National Climate Funds
- GGGI TECHNICAL REPORT NO. 9 Review of GGGI's Experience to Design and Operationalize National Financing Vehicles to Finance Climate and Green Growth Policy Implementation