IDDRI

BLOG POST July 9th 2019

How can we increase financial support for nature-based climate solutions?

Authors

Aleksandar Rankovic
Sciences Po

Yann Laurans
WWF France

Julie Vaillé
Senior Research Fellow, Governance and Financing of Sustainable Development

Lola Vallejo
Climate Special Adviser

Reading time: 5 min

Nature-based solutions (NBS) are receiving increased political attention. They will be the subject of much focus during the climate action summit organised by the Secretary-General of the United Nations (UNSG) in

September 2019, and are at the heart of the Action Agenda for Biodiversity, launched in support of preparations for the COP 15 of the Convention on Biological Diversity, that will be held in China at the end of 2020. There are several focus groups associated with NBS implementation, including one that considers their rightful place within strategies to reduce greenhouse gas emissions and their real potential for climate change adaptation. The subject of the international financing of these actions is also central. Beyond injunctions or even the search for innovative funding, it is first necessary to understand what until now has represented an obstacle to a greater financing of NBS, and what solutions can be envisaged1 .

NBS are positive actions for biodiversity that use ecosystem properties to provide climate solutions (mitigation as adaptation), such as carbon sequestration in trees and soils, coastal protection against storms, or adaptation to increasing droughts or floods. These solutions seem to provide a large number of "win-win" opportunities for climate and biodiversity.

Political attention on climate NBS is increasing

In ongoing international discussions on climate, biodiversity and oceans, there is increasing mention of the fact that terrestrial and marine ecosystems represent an important part of the fight against climate change, both in terms of mitigation and adaptation. UNSG Antonio Gutteres has recently cited figures from an international study published in 2017, which estimated that major ecosystem conservation and restoration work could represent up to 37% of the effort to reduce greenhouse gas emissions that is needed by 2030 to stabilise global warming to below 2°C. Moreover, and while biodiversity policies suffer from a chronic lack of financial resources, in debates on post-2020 biodiversity governance we regularly hear that a larger share of climate funding should be allocated to biodiversity. Civil society estimates put forward at the COP 24 on climate thus argued that NBS received only 3% of climate funding, and were therefore a "forgotten solution".

The use of NBS is not instinctive in the development sphere

To grasp this apparent paradox, it must first be understood that institutions which "for 75 years have had grey infrastructure in their DNA"2 , do not intuitively consider the funding of "green infrastructure", as NBS are sometimes known. For the development sphere, for both donors and recipient countries, funding biodiversity projects, beyond being a field of intervention in itself, is not a reflex when it comes to investing in actions of mitigation or adaptation to climate change. The model of official development assistance (ODA) also tends to favour loans rather than donations (at least in the case of large countries such as Germany and France), of large sums, and with a preference for short-term projects (typically 5 years, which is short for development policies). However, the profitability of NBS projects is not always easy to quantify, which positions them more as candidates for donations, or "small" loans, with a more long-term perspective to allow time for ecological dynamics to develop.

Lingering scientific and technical uncertainties regarding large-scale NBS deployment

Nevertheless, even for the most pro-active actors, technical difficulties arise. Although experimentation with ecosystem-based techniques for climate change mitigation or adaptation is not new, especially through pilot projects, there are still too few examples of "large scale" climate NBS projects enabling, particularly, major climate risks to be addressed. Regarding adaptation, this would require (1) to improve the definition of climate risks that NBS are

intended to address, (2) to demonstrate the ability of NBS to effectively limit the targeted climate hazard, and (3) to compare the benefits of NBS to those of more “traditional” modes of intervention based on built infrastructure; moreover, a better understanding of how to combine NBS and built infrastructure could also enable the strengthening of the deployment of the former. Regarding mitigation, the figures are discussed in the scientific literature and some uncertainties remain, sometimes major ones, regarding the order of magnitude in question. In general, we still do not sufficiently capitalize on the data acquired through existing projects, and nor is it well summarised. Furthermore, given that the ecosystems are themselves impacted by climate change, there are significant uncertainties about their ability to perform the functions expected of them, both for mitigation and adaptation.

An NBS “sector” that remains too weak

Compared to typical infrastructure projects, NBS also suffer from a lack of project design capabilities, both from donors and from others in the sector, particularly including the myriad of consultancy companies involved in the completion of project dossiers, feasibility studies, evaluation, etc. In the “conventional” water management sector (wastewater treatment plants, water transportation, irrigation, etc.), for example, there are “facilities”, such as the African Water Facility, supported by a dozen states and international organisations, the main purpose of which is the preparation and technical support for water-related infrastructure projects.

Acting at different levels

To better understand the real potential for the deployment of climate NBS, particularly in the context of adaptation, it is important to firstly focus the attention of the development community on this topic. A systematic analysis of project portfolios, such as the one carried out by the World Bank in the late 2000s, may represent a first step in “raising the subject” internally. The creation of NBS objectives for donors, particularly through injunctions from their governmental authorities, could also constitute an important lever for raising awareness and pushing for innovation in financing tools. Extensive summarising work is necessary to better clarify the potential of NBS, to identify achievements and knowledge gaps, and to determine research efforts that could be dedicated to NBS. The upcoming joint study of IPBES and IPCC could be a key contribution in this regard. Finally, “international NBS facilities”, in different regions for example, would enable the strengthening of the technical sectors involved in setting up NBS projects, and also help foster the synthesis and sharing of knowledge.

Photo credits: Unsplash

1 IDDRI presents here a summary of the work carried out in partnership with the International Union for the Conservation of Nature (IUCN), which involved conducting a survey of around twenty international development finance institutions (multilateral and bilateral banks, and international funds).

2 Quote from an interview with a development bank.

BIODIVERSITÉ | GOUVERNANCE | SOLUTIONS FONDÉES SUR LA NATURE | MITIGATION | ADAPTATION | FINANCEMENT BIODIVERSITÉ