



Filling the right finance gap:

**WAYS TO GENERATE AND CHANNEL CLIMATE AND BIODIVERSITY FINANCE IN
LINE WITH INTERNATIONAL PRINCIPLES AND FRAMEWORKS FOR JUSTICE AND
HUMAN RIGHTS - THE CASE OF THE UK**



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Front cover: Dayak Bahau woman separates the rice grains from the chaff, tossing the mixture into the air allowing the wind to blow away the lighter chaff while the heavier grains fall back down, Long Isun, Indonesia. Credit: Ding Hibau

Back cover: View over Wapichan territory, Region 9, Guyana. Credit: Oda Almås Smith (2025)

Foreword

“Indigenous Peoples are disproportionately impacted by the climate and biodiversity crises while contributing least to it, and Global North countries, large corporations and wealthy individuals are disproportionately responsible for the emissions and destruction. If we don’t recognise this historical disparity through implementation of the common but differentiated responsibilities and polluter pays principles, there will be no climate justice.”

(Helen Magata, Tebtebba Foundation)

World leaders tell us that there is not enough finance to tackle the ever-escalating climate and biodiversity destruction. Authoritative studies estimate that the gap between the finance needed in the next few years and what is currently available is trillions of US dollars. The narrative presented is one of scarcity. The international response has been to set finance goals – under the international conventions on both climate and biodiversity. This has spurred a somewhat chaotic hunt for finance from *all sources* with a particular quest for elusive *innovative finance*.

This open-ended and all-encompassing language has, among other things, triggered a rush of ideas about how to ‘unlock’ finance, particularly from the private sector. A large focus is placed on ‘de-risking’ private sector investments through the use of public and philanthropic funds; the central question often being how to make private sector engagement profitable. One response is about to take center stage at COP30 – the Tropical Forest Forever Facility (TFFF). TFFF is surrounded by an air of promise – some seeing it as a savior in the context of significant cuts to Global North country Official Development Assistance (ODA) budgets, with Indigenous Peoples and forest-dependent communities promised 20% of payments allocated for forest countries. Others are warning that the financial model is unjustifiably risky and, contrary to international climate justice principles, puts the burden of generating finance on Global South countries rather than Global North countries and corporate investors.¹ They also explain that if the fund fails to generate the expected amount of finance, payments to forest countries are the first to be cut, as the priority will be to repay corporate and sovereign lenders.²

What if there is another way to generate finance to address the climate and biodiversity crises? A way that is more predictable, adequate, and which would enable Global North countries to pay their fair share through significantly bolstered public coffers? A way that would ensure that the world’s heaviest polluters take on a proportionate part of the bill but without betting on the invisible, or fictional, hand of speculative and volatile financial markets, or relying singularly on transforming climate and biodiversity action into a business opportunity.

1 Third World Network1 (2025). Review of the Tropical Forest Investment Fund https://twn.my/announcement/Review%20of%20TFIF_Final_TWN_chart.pdf

2 Larry Lohmann (2025). Spoils of a Continuing Colonialism: The Tropical Forest Forever Facility. *The Corner House* <https://www.thecornerhouse.org.uk/sites/thecornerhouse.org.uk/files/The%20TFFF%20--%20Spoils%20of%20a%20Continuing%20Colonialism.pdf>

This report encourages us to take a step back - to look at the bigger picture. Generating enough finance to hit the targets does not in itself guarantee that climate, biodiversity and human rights will be better protected. The extent to which climate and biodiversity finance can catalyse transformative reforms to harmful energy, extractive and economic systems must be the barometer of its utility.

Finance gap estimations are just that – estimations – and an undue focus on the zeroes is unhelpful. While questioning the accuracy of finance gap estimations and the utility of finance targets is important, it is not the topic of this report. Rather, the report takes the estimated finance gap as a starting point and reminds us that there is an abundance of finance that can be used to fill it. The problem is that vast amounts of finance are locked into uses that are *harmful* for climate, nature and people.

The key to unlocking climate and biodiversity finance is in the hands of the world leaders, who in November 2025 will meet both at UNFCCC COP30 in Belém and in UN Tax Convention negotiations in Nairobi. This report seeks to turn the spotlight back on the obligations and power of states – using the UK as the case in point – and shed some light on the tools at their disposal to generate new, additional, adequate, predictable and human rights-based finance for climate and biodiversity action. It looks at the potential for tax and subsidies reform to help Global North countries align with the principle of Common But Differentiated Responsibilities and Respective Capabilities and, through such reforms, to mandate wealthy heavy polluters to pay their fair share.

Finally, the report also stresses that there must be a dramatic improvement in Indigenous Peoples' access to finance generated through such measures, via modalities best suited to their circumstances. This is not only to ensure climate and biodiversity outcomes can be realised in a cost-effective way given their unique contributions to environmental conservation; it is also to respond to Indigenous Peoples' long-standing and increasingly urgent calls for recognition of their collective rights and needs. Without this recognition, Indigenous Peoples' unique capacity to continue, and to strengthen, the protection of their diverse territories and ecosystems, and by extension our collective futures, is jeopardised.

If world leaders are serious about looking for innovative mechanisms to unlock all sources of finance, they need look no further than the fiscal policy key that is already in their hands. With that they can free trillions of US dollars annually and earmark significant portions to climate and biodiversity action, with dedicated access windows that ensure proportionate amounts are distributed and spent in accordance with the priorities and self-determination of Indigenous Peoples. Given this has not happened to date, it fits squarely in the category of innovative finance.

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Introduction

In the past three years, the Conferences of the Parties (COPs) of both the UN Framework Convention on Climate Change (UNFCCC) and the Convention on Biodiversity (CBD) have dealt with, as a topic of high priority and urgency, the question of how to finance actions needed to fulfil the objectives of the respective conventions. As a result, two key decisions on finance goals came out of CBD COP15 (2022) and UNFCCC COP29 (2024).³ Both decisions acknowledge that the developed country state parties have a key responsibility to provide such finance to developing country state parties.⁴ Both decisions also highlight that finance should come from ‘all sources’ or a ‘variety of sources’.

Against this backdrop, the world seems to be left scrambling to figure out what this means in practice – inter alia, where finance should come from; who should be responsible for providing how much; and how it should be deployed. Fueling the discussions that aim to answer these questions are much-cited publications that estimate a substantial *gap* between the levels of finance needed and the funds already available or committed to address the climate and biodiversity crises.⁵

In the context of the reference to finance coming from ‘all’ or ‘a variety’ of sources, an increasingly prominent discourse – promoted, among others, by Global North countries – is that the private sector has a vital role to play in filling the finance gap. To date, one of the more visible manifestations of this is the significant investment in the development of market mechanisms for carbon and biodiversity credits that allow the private sector to engage voluntarily through the purchase of such credits.⁶ There is also a growing focus on ‘innovative finance’ that often implies private sector involvement and mechanisms that generate finance through market investments. In response to these developments, civil society and academia have questioned what they see as blind and unfounded trust put into carbon and biodiversity markets to generate and distribute necessary finance. They warn that approaches relying on markets and the good will of the private sector lack accountability, ultimately seek profit over positive climate and biodiversity impacts, are insufficient in scale, have been associated with human rights violations, and have not delivered the expected climate and nature benefits.⁷ These critics also remind Global North countries about their historic responsibilities for creating the climate and biodiversity crises and consequently their obligations to pay their fair share to address these.⁸

3 UNFCCC COP29 (in 2024) produced the New Collective Quantified Goal (NCQG) which contains an updated global finance goal for climate action and the Kunming–Montreal Global Biodiversity Framework (KMGBF) adopted at CBD COP15 (in 2022) contains a target (19) on mobilisation of finance for biodiversity.

4 In the continuation, unless used in a distinct context referring to obligations under the UNFCCC and CBD, the report will use ‘Global North countries’ to refer to parties that are considered ‘developed countries’ under these conventions and ‘Global South countries’ to refer to countries that are considered ‘developing countries’.

5 The UNFCCC Standing Committee on Finance’s Second Needs Determination Report found that developing countries’ costed needs as reflected in Nationally Determined Contributions (NDCs) amount to USD 5.1-6.8 trillion by 2030, equivalent to USD 455-584 billion per year. Adaptation needs are estimated to be USD 215-387 billion annually by 2030. Under the CBD, the KMGBF acknowledges a biodiversity finance gap of around USD 700 billion per year. See also A. Deutz et al 2020. “Financing Nature: Closing the global biodiversity financing gap.” The Paulson Institute, The Nature Conservancy, and the Cornell Atkinson Center for Sustainability. https://www.paulsoninstitute.org/wp-content/uploads/2020/10/Updated-10.23.20-FINANCING-NATURE_Exec-Summary_Final-with-endorsements_101420.

6 There is also increasing investment in the creation of compliance markets, for example for biodiversity credits (such as in the EU).

7 See e.g. B.C Cheong (2025) The Paradox and Fallacy of Global Carbon Credits: A Theoretical Framework for Strengthening Climate Change Mitigation Strategies. *Anthr. Sci.* 4, 72–83: <https://link.springer.com/article/10.1007/s44177-025-00084-0>; Funding Nature: The Essential Role of Governments and the Illusion of Biodiversity Credits (2024): <https://www.campaignfornature.org/funding-nature-essential-public-finance/>; The African Peoples’ Just Transition, Climate and Development Declaration (2025): <https://can-africa.org/wp-content/uploads/2025/09/Africa-Peoples-Declaration-2025-Draft.pdf>; Rainforest Foundation UK (2023). Credits Where They Are Not Due: A Critical Analysis Of The Major Redd+ Schemes: https://www.rainforestfoundationuk.org/wp-content/uploads/2023/07/Carbon-Credits_final_ENG.pdf; <https://carbonmarketwatch.org/publications/quality-assessment-of-redd-carbon-credit-projects/>; <https://www.sciencedirect.com/science/article/pii/S1877343525000375?via%3Dihub>; and <https://twn.my/title2/books/Thin%20and%20Shallow.htm> Haya, B. K., Alford-Jones, K., Anderegg, W. R. L., Beymer-Farris, B., Blanchard, L., Bomfim, B., Chin, D., Evans, S., Hogan, M., Holm, J. A., McAfee, K., So, I. S., West, T. A. P., & Withey, L. (2023). Quality assessment of REDD+ carbon credit projects. Berkeley Carbon Trading Project: <https://carbonmarketwatch.org/publications/quality-assessment-of-redd-carbon-credit-projects/>; Jens Christiansen, Audrey Irvine-Broque, Jessica Dempsey, Sara Nelson, Elizabeth Shapiro-Garza, Patrick Bigger, Mine Islar (2025). Off the charts? Reasons to be skeptical of the growth in biodiversity finance. *Current Opinion in Environmental Sustainability*, Volume 75: <https://www.sciencedirect.com/science/article/pii/S1877343525000375?via%3Dihub>; and Jessica Dempsey, Audrey Irvine-Broque, Jens Christiansen and Patrick Bigger (2024). Thin and Shallow: Financial Instruments for Biodiversity Conservation and Their Outlook. TWN: <https://twn.my/title2/books/Thin%20and%20Shallow.htm>

8 Climate Action Network International. 2024. Rich nations act in bad faith, stay silent on future climate finance. <https://climatenetwork.org/2024/09/12/rich-nations-act-in-bad-faith-stay-silent-on-future-climate-finance/>

In relation to the question of how climate and biodiversity finance should be deployed, the growing body of research confirming the key climate and biodiversity contributions of Indigenous Peoples is gaining attention.⁹ However, the reality is still that while Indigenous Peoples manage an estimated quarter of the world's terrestrial areas¹⁰ – and do so in ways that have significant benefits for climate and nature – they lack access to funding to support their efforts, are often excluded from decision-making around climate and biodiversity policy and projects, and experience that climate and biodiversity projects regularly violate their rights.

It is here that this report enters. In seeking to contribute to the international conversation on climate and biodiversity finance, “*Filling the right finance gap*” does four things:

1. It aims to ensure that the role of Global North countries in generating and providing climate and biodiversity finance remains central in international discussions on this topic – that their obligations are not disproportionately offloaded to private sector voluntary actions. In other words, it highlights that **a key finance gap to be filled is one that exists between what Global North countries are currently paying and what they should be paying** as their fair share in light of their historical and ongoing role in causing climate and nature destruction, and their financial capacity to address it. It suggests how Global North countries can pay up through legal and policy reforms to require that the biggest polluters in their countries, historically, bear a proportionate part of the costs.
2. By highlighting the potential of such reforms to make finance available to fill the gap, the report also shows **that the concept of a finance gap is, in itself, somewhat of a fabrication**. The funds to address the climate and biodiversity crises exist, but they are locked into uses that are not contributing to achieving – and often counteract – that aim. The narrative of public finance scarcity is a political construct, not an economic fact.¹¹
3. It shines a light on the magnitude of the *impacts* borne by Indigenous Peoples from climate and biodiversity breakdown as well as the invaluable *contributions* they make towards climate and nature protection. It seeks to stress that there is a substantial **gap between the resources needed by Indigenous Peoples to respond to those impacts, and resources made available to them**. Similarly, there is a **gap between the contributions Indigenous Peoples make to addressing the climate and biodiversity crises and the financial contributions they receive in return**.¹²
4. It starts from the premise that no climate and biodiversity finance should be generated or deployed in ways that violate human rights. Rather, all such finance must treat climate, nature, human rights protection and gender justice as interconnected goals.¹³ An overarching message implied by the title of the report is that **in order for all climate and biodiversity finance to be rights-based, there is a gap in approach that needs to be addressed**.

9 See e.g., S.T. Garnett, N.D. Burgess, and J.E. Fa, et al. (2018). A spatial overview of the global importance of Indigenous lands for conservation. *Nat Sustain* 1, 369–374. <https://doi.org/10.1038/s41893-018-0100-6>; J.E. Fa et al. (2020). Importance of Indigenous Peoples' lands for the conservation of Intact Forest Landscapes. *Frontiers in Ecology and the Environment* 18(3), 135-140. <https://doi.org/10.1002/fee.2148>

10 S.T. Garnett, N.D. Burgess, and J.E. Fa, et al. (2018). A spatial overview of the global importance of Indigenous lands for conservation. *Nat Sustain* 1, 369–374. <https://doi.org/10.1038/s41893-018-0100-6>

11 Reclaiming tax sovereignty to transform global climate finance (2025): <https://taxjustice.net/2025/06/16/reclaiming-tax-sovereignty-to-transform-global-climate-finance/>.

12 An example of an initiative focusing on this gap is the Path to Scale network, which has identified as a target to mobilise USD 10 billion by 2030 in order to “put at least one half of all tropical forests under the control of Indigenous Peoples, Afro-descendants, and local communities and in doing so, dramatically increasing their potential for sustained protection over 125 tCO₂e and avoid at least forecasted 1.099 (range 0.463 – 4.456) GtCO₂e of forest carbon emissions.” <https://www.pathtoscale.org/targets>

13 This point is being made clearly by Indigenous Peoples' representative bodies, such as the UN Indigenous Peoples Forum on Climate Change, which has warned that climate finance must not support activities that violate Indigenous Peoples' rights, even if labelled as “green” or “transitional”. See https://unfccc.int/sites/default/files/resource/BB1.3T_IIPFCC.pdf

To illustrate practical steps that can be taken by Global North countries towards filling the ‘right finance gap’ through fulfilling their international obligations, the report takes the UK as an example. The UK is at an inflection point - it has made important steps towards providing rights-based public climate and biodiversity finance, but emerging signs suggest that momentum could be lost if concerted effort is not put into continuous improvement: The UK has shown willingness to engage with Indigenous Peoples and has pledged finance in their name, yet much does not reach Indigenous Peoples directly.¹⁴ At the same time, the UK has recently reduced its ODA spending and is investing heavily in carbon and biodiversity market architecture.

At this critical juncture, with COP30 and the negotiations under the UN Framework Convention on International Tax Cooperation (UN Tax Convention) around the corner, this report suggests that the UK has a key opportunity. It identifies steps the UK can take towards fulfilling its fair share contribution to climate and biodiversity action by harnessing and channeling new and additional finance. It highlights that by simultaneously demonstrating strengthened commitments towards respecting, protecting and promoting the rights of Indigenous Peoples, including through the way it channels its climate and biodiversity finance, the UK can build on its past efforts and champion ambitious action from other Global North countries to fill ‘the right finance gap,’ in the right way.

Target audience: This report is written mainly for decision makers and civil servants in Global North countries – especially in the UK – with the hope that the information and analysis presented serves to usefully highlight trends in the way that climate and biodiversity finance is currently generated. The aim of putting up the looking glass is to inspire reflection followed by dedicated action to step up fiscal policy reforms and rights-recognition by these countries. The report will hopefully also be of use to civil society and Indigenous Peoples in that it seeks to in bridge topics that are traditionally dealt with in separate spaces (e.g. fiscal policy and tax reform, Indigenous Peoples’ rights and international human rights law, and climate and biodiversity finance).

NOTE ON TERMINOLOGY

This report highlights the interconnections between 1) the distinct collective rights of Indigenous Peoples under international human rights law, as reflected in the United Nations Declaration on the Rights of Indigenous Peoples, 2) the disproportionate impacts they face from the climate and biodiversity crises and 3) the unique and crucial role they play in addressing these crises, as key rationale for the imperative to channel climate and biodiversity finance to them directly or through modalities that ensure their control over its use.

There are other groups with collective customary tenure systems who sustainably use their lands and resources that are at the forefront of dealing with the impacts of the unfolding crises, and who also make important contributions to global efforts to address them. Such groups may, for example, self-identify as Afro-descendant peoples and communities, tribal peoples, traditional communities or by their own names in their own languages, and may be vested with collective rights by virtue of their customary land tenure, sustainable resource use practices and their distinct social, cultural, and economic characteristics and identities (as recognised under the jurisprudence of the Inter-American Court of Human Rights, recommendations of UN Treaty and Charter Bodies, ILO Convention 169, UN Declaration on the Rights of Peasants and Other Working People, and certain national legislation and jurisprudence).

While these groups are not widely referenced throughout the report, the report acknowledges the importance of their rights, needs and contributions being recognised for the realisation of rights-based climate and biodiversity action and the goals and targets established under the CBD and its Global Biodiversity Framework and the UNFCCC. Many of the arguments made in the report may also be relevant to these groups.

14 Forest Tenure Funders Group (2025). Indigenous Peoples and Local Communities Forest Tenure Pledge: Annual Report 2024-2025. <https://www.tenurepledge.org/ftfg-annual-report-2024.pdf>

PART 1:

Generating climate and biodiversity finance in line with international obligations and principles



*Women of Nkoulemboula, South province, Cameroon, gather plants and edible fruits and herbs in the woods near the village.
Credit: Adrienne Surprenant for FPP*

Part 1 starts by highlighting key international obligations, criteria and principles relevant to the provision of climate and biodiversity finance, as set out in the UN Framework Convention on Climate Change (UNFCCC), the Paris Agreement, the Convention on Biological Diversity (CBD), the Kunming-Montreal Global Biodiversity Framework (KMGBF) and international human rights law. It first outlines key obligations and principles as they relate to developed country parties and then looks at trends in current practice. It demonstrates that current approaches that overly rely on loans and the role of private sector voluntary actions and markets fall short on meeting those international obligations and principles.

Part 1 subsequently looks at alternative ways through which Global North countries can take the lead in generating finance - which can be allocated towards climate and biodiversity goals, and more specifically to Indigenous Peoples – such as eliminating and redirecting subsidies and reforming tax policy and laws.

Part 1 ends with a review of the UK's approach to generating finance for climate and biodiversity action, including what it is doing regarding the alternative approaches identified.

Obligations and principles vs practice

Principle of Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC)

The Rio Declaration on the Environment and Development, agreed by states in 1992, recognises the Principle of Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC). This principle establishes that while all states share a responsibility to address global environmental degradation, their obligations to address it are a function of their differing historic contributions to the problem as well as their capacity to contribute to addressing it.

This principle has subsequently been embedded in the UNFCCC and the CBD – and decisions under these conventions – as well as in the Paris Agreement.¹⁵ In 2025, the International Court of Justice affirmed the principle as a matter of international law in a landmark advisory opinion on the obligations of states with respect to climate change, clarifying that the principle “does not establish new obligations but is relevant for the interpretation of treaties and the determination of rules of customary law relating to the environment”.¹⁶

Current practice and challenges

While Global North countries acknowledge that public finance needs to be an important part of the pot generated to meet existing climate and biodiversity finance targets, the majority of public climate finance is given in the form of loans (see more details in section below). Loans, which create debt and an obligation of repayment, place the burden of resolving the climate crisis back on the Global South, which is at odds the principle of CBDR-RC. Behind the notion of a differentiated responsibility is the recognition that countries most responsible for historical and current contributions to climate and nature harms need to contribute proportionately (through financial and other means) to their resolution. Instead of assuming a proportionate responsibility, Global North countries leave the financial burden of loan repayment on current and future generations of people in the Global South.

Global North countries also often try to limit the implications of their climate and biodiversity finance obligations for their national budgets, by emphasising the need for funding to come from *all sources*, or a *variety of sources*, including private sector and market-based approaches.¹⁷

Global South countries, civil society and Indigenous Peoples continue to call for public grant-based funding, not as a discretionary option, but as a fulfillment of international obligations, which is - as noted above - affirmed by the International Court of Justice.¹⁸

15 Those include but are not limited to The Resource Mobilization Strategy adopted under the CBD COP16 in Rome, and the New Collective Quantified Goal (NCQG) adopted under the UNFCCC COP29 in Baku.

16 International Court of Justice. (2025). Obligations of States in respect of Climate Change. <https://www.icj-cij.org/sites/default/files/case-related/187/187-20250723-adv-01-00-en.pdf>

17 Decision for New Climate Finance Goal at COP29 Will Mark the Future of Climate Justice and Equity in the Multilateral Climate Regime (2024): <https://us.boell.org/en/2024/10/15/decision-new-climate-finance-goal-cop29-will-mark-future-climate-justice-and-equity>

18 International Court of Justice. (2025). Obligations of States in respect of Climate Change. <https://www.icj-cij.org/sites/default/files/case-related/187/187-20250723-adv-01-00-en.pdf>

Obligation to provide *new* and *additional* finance

In accordance with the UNFCCC (Article 4.3) and the CBD (Article 20), developed state parties have an obligation to provide *new* and *additional* financial resources to developing countries. This commonly refers to financial resources that were not previously included in existing commitments, pledges, or disbursements, and that do not displace or repackage existing commitments and finance. It should come in addition to existing commitments, such as ODA.¹⁹

Arguably, to be new and additional, finance must expand the existing pool of financial resources available for climate and biodiversity action. Hence, finance such as loans that exacerbate debt burdens and reduce fiscal space for developing countries undermine additionality.

Current practice and challenges

The Organisation for Economic Co-operation and Development (OECD) has reported that in 2022 – the latest year for which numbers exist – developed countries provided and mobilised USD 115.9 billion in climate finance. This number covers public bilateral and multilateral²⁰ finance as well as private finance *mobilised* by public finance and export credits. While USD 115.9 billion is the highest number ever reported,²¹ it is notable that a large percentage was provided as loans;²² public bilateral and multilateral mechanisms provided 80% of the total amount, but 69% of that took the form of loans. An extra concern raised by observers is that only a low proportion of these loans, especially those from multilateral development banks (MDBs), were concessional loans – ‘concessional’ meaning loans that are extended on more beneficial terms and below market-rate.²³ In a review of the methodologies used to report public climate finance against UN goals, Oxfam highlighted that due to the extent of non-concessional loans as well as creative accounting methods, the net value of finance available to developing countries for climate action is far lower than the numbers reported.²⁴ For 2022, Oxfam found the real value to be between 30% and 40% of the USD 115.9 billion total.²⁵ Biodiversity finance, on the other hand, mostly consists of grants currently. However, recent growth in reported biodiversity finance has been driven primarily by the increase of loans.²⁶

Another trend to note is the increased focus on scaling up (often termed ‘mobilising’) private sector investment in climate action by using public resources on concessional terms to de-risk private capital, an approach commonly referred to as blended finance. An example of public finance mobilising private finance would be that, in order to attract private investment to projects traditionally considered too risky or unprofitable (e.g. a renewable energy infrastructure project), public funds are used to cover a portion or the costs or as insurance in case profit does not materialise. The potential of blended finance to raise additional finance has been questioned. One study found that for each dollar of public money deployed for climate change objectives, only USD 0.25 of private investment was catalysed.²⁷ Likewise, a report by the UN Department on Social and Economic Affairs found the average mobilisation ratio (share of private finance mobilised per

19 Concluding observations on the third periodic report of Czechia (E/C.12/CZE/CO/3)

20 Both from multilateral climate funds and MDBs

21 For the first time since developed countries committed to provide USD 100 billion per year by 2020 was this target surpassed.

22 20 OECD (2024), Climate Finance Provided and Mobilised by Developed Countries in 2013-2022, Climate Finance and the USD 100 Billion Goal, OECD Publishing, Paris, <https://doi.org/10.1787/19150727-en>

23 Only 41% of multilateral climate fund loans and 23% of MDB loans were concessional. See OECD (2024), Climate Finance Provided and Mobilised by Developed Countries in 2013-2022, Climate Finance and the USD 100 Billion Goal, OECD Publishing, Paris: https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/05/climate-finance-provided-and-mobilised-by-developed-countries-in-2013-2022_8031029a/19150727-en.pdf, page 17. For a deeper dive into concessional climate finance, see: Understanding Global Concessional Climate Finance 2024: <https://www.climatepolicyinitiative.org/publication/understanding-global-concessional-climate-finance-2024/><https://www.climatepolicyinitiative.org/publication/understanding-global-concessional-climate-finance-2024/>

24 Oxfam. (2024). Rich countries overstating “true value” of climate finance by up to \$88 billion, says Oxfam. <https://www.oxfam.org/en/press-releases/rich-countries-overstating-true-value-climate-finance-88-billion-says-oxfam>

25 Oxfam (2025). Climate Finance Shadow Report 2025 Analysing Progress On Climate Finance Under The Paris Agreement: [Climate Finance Shadow Report 2025: Analysing progress on climate finance under the Paris Agreement](#)

26 OECD. 2024. Biodiversity and Development Finance 2015-2022. https://www.oecd.org/en/publications/biodiversity-and-development-finance-2015-2022_d26526ad-en/full-report.html

27 Blended finance – a problematic approach to biodiversity finance (2023): <https://www.twn.my/title2/biotk/2023/btk230803.htm>

unit of public finance) in blended climate finance deals to be USD 0.16 of private finance for each dollar of public finance.²⁸

In summary, the heavy reliance on loans and increasing public investment in the private sector to deliver climate and biodiversity finance shows that the principle of finance being new and additional is not one that is currently mirrored comprehensively in practice.

Predictable and adequate finance

Several international instruments and agreements also speak to the need for climate and biodiversity finance to be *predictable* and *adequate* in scale to meet the incremental costs of climate and biodiversity action, including for mitigation, adaptation, loss and damage.²⁹

The International Court of Justice considers that while the Paris Agreement does not specify the amount or level of financial support that must be provided, the obligation to provide climate finance “must be interpreted in light of other provisions in the Agreement, in a manner and at a level that allows for the achievement of the goal to limit global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels.”³⁰

Current practice and challenges

As is mentioned above, there is a heavy reliance on loans as the primary form of international climate finance (and increasingly biodiversity finance) coupled with a growing narrative that the private sector is key to filling the finance gap. This approach is not set up to meet the criteria of predictable and adequate finance.

While loans can mobilise large sums on paper, they produce financial liabilities and may prioritise profitable projects. For example, according to OECD estimates, climate change mitigation took an 86% share of climate finance provided and mobilised over the period 2016–20, “in part related to the constraints that commercial investment in adaptation projects face”.³¹ This affirms that the prevalence of loans in climate finance leads to a failure to adequately finance climate change adaptation.

Furthermore, private sector provision of finance is also largely incentivised by the motive of profit-making, which is not necessarily aligned with stable and predictable finance for mitigation and adaptation objectives. For instance, decades of efforts and finance put into setting up voluntary carbon markets, have thus far failed to scale them to meet financing needs. Voluntary carbon markets have proven to be highly volatile and unpredictable, and they risk leading to fragmented climate and biodiversity actions that are not in line with international obligations, or national policies and plans.³² This only confirms the primary role that Global North countries need to play in fulfilling the directions given to them under article 4.3 of the UNFCCC to “provide new and additional financial resources to meet the agreed full costs incurred by developing country Parties [...] and take into account the need for adequacy and predictability in the flow of funds”.

28 Mazzucato, Mariana (2025). Reimagining financing for the SDGs: from filling gaps to shaping finance. UN DESA Policy Brief, No. 170, Special issue. New York: UN Department of Economic and Social Affairs; UN High-level Advisory Board on Economic and Social Affairs; University College London Institute for Innovation and Public Purpose. <https://desapublications.un.org/policy-briefs/un-desa-policy-brief-no-170-special-issue-reimagining-financing-sdgs-filling-gaps>

29 UNFCCC Art. 4.3; CBD Art. 20.1; KMGBF Target 19(a), Decision 2/CP.15 (Copenhagen Accord), 1/CP.26 (Glasgow Pact)

30 International Court of Justice. (2025). Obligations of States in respect of Climate Change, para. 265. <https://www.icj-cij.org/sites/default/files/case-related/187/187-20250723-adv-01-00-en.pdf>

31 Oxfam International (2022). Climate finance short-changed The real value of the \$100 billion commitment in 2019–20 <https://oxfamlibrary.openrepository.com/bitstream/handle/10546/621426/bn-climate-finance-short-changed-191022-en.pdf;jsessionid=910E1DC02910F7A9A80F4C65DAC6B93B?sequence=7>

32 David Young (2024). Beyond Offsets: People and planet centred responses to the Climate and Biodiversity Crisis. Rainforest Foundation UK, Forest Peoples Programme, Fern. [Beyond Offset - People and Planet-Centred Responses to the Climate and Biodiversity Crisis.pdf](#)

Obligations to respect, protect and promote human rights

As affirmed by the Human Rights Council (HRC), states “have the obligation to respect, protect and promote human rights, including in *all actions* undertaken to address environmental challenges,”³³ which by extension includes finance supporting such actions.³⁴ This is also the view of the International Court of Justice, which considers that states must “take their obligations under international human rights law into account when implementing their obligations under the climate change treaties and other relevant environmental treaties and under customary international law.”³⁵ The obligations of states to respect, protect and promote human rights are further elaborated in Box 1.

In order to meet those obligations, states must take measures to ensure that financing mechanisms channelling public finance (e.g. multilateral and bilateral mechanisms) are intentionally designed to respect human rights and that they use their regulatory powers to ensure any private finance mechanisms do not violate human rights.

BOX 1. CLIMATE AND BIODIVERSITY FINANCE-RELATED HUMAN RIGHTS OBLIGATIONS

In the context of climate and biodiversity finance, the obligation to **respect** means that states must refrain from causing or contributing to human rights violations through their climate and biodiversity financing. This obligation extends extraterritorially, meaning they must “take specific measures to prevent their domestic and international policies and actions, such as [...] climate change-mitigation policies, from interfering, directly or indirectly, with the enjoyment of human rights.”³⁶

The obligation to **protect** means that states must take measures to prevent third parties from violating human rights in relation to any climate and biodiversity finance stream or mechanism, for example, through establishing binding safeguards,³⁷ and prioritising rights-based approaches that do not incentivise human rights violations.

The obligation to **promote** means states must take proactive measures to ensure equitable access to resources for the realisation of human rights. The International Covenant on Economic, Social and Cultural Rights (ICESR), Article 2.1, enshrines an obligation of states to “take steps, individually and through international assistance and co-operation, especially economic and technical, to the maximum of its available resources for the full realisation of rights.” This obligation has been interpreted by many UN treaty and charter bodies to include the provision of climate finance.³⁸

33 A/HRC/RES/48/13

34 Climate Finance and the USD 100 billion goal. <https://www.oecd.org/en/topics/climate-finance-and-the-usd-100-billion-goal.html>, see paragraphs 62-66

35 International Court of Justice. (2025). Obligations of States in respect of Climate Change. <https://www.icj-cij.org/sites/default/files/case-related/187/187-20250723-adv-01-00-en.pdf>

36 CESCR (2022) General Comment No 26 on land and economic, social and cultural rights. <https://docs.un.org/en/E/C.12/GC/26>, para. 41

37 CIEL & GIESCR (2024) States' Human Rights Obligations in the Context of Climate Change Guidance Provided by the UN Human Rights Treaty Bodies. https://www.ciel.org/wp-content/uploads/2024/08/HRTB-Synthesis-Note-2024_CIEL_GIESCR.pdf

38 See for example, Concluding Observations on the third periodic report of Czechia (E/C.12/CZE/CO/3), para. 10; Climate change and the International Covenant on Economic, Social and Cultural Rights. Statement by the Committee on Economic, Social and Cultural Rights. Committee releases statement on climate change and the Covenant | OHCHR, para. 7; Joint Statement on “Human Rights and Climate Change”, Committee on the Elimination of Discrimination Against Women; Committee on Economic, Social and Cultural Rights; Committee on the Protection of the Rights of All Migrant Workers and Members of their Families; Committee on the Rights of the Child; Committee on the Rights of Persons with Disabilities (2019).

Current practice and challenges

Projects carried out in the name of green development and climate protection - and the funding for which is by some metrics considered climate and biodiversity finance - have time and again been found to have serious negative human rights impacts. For example, lending of multilateral development banks (MDBs) for activities that exacerbate the climate crises and related impacts on human rights, such as fossil gas production, waste-to-energy incineration and airport expansion projects has in the past been reported as climate finance.³⁹ Moreover, due to gaps in MDB human rights safeguard policies, lending for projects with a clearer “green profile” - such as for renewable energy production - has also been found to be associated with significant actual and potential human rights violations, including of Indigenous Peoples’ rights to land, culture and Free, Prior and Informed Consent (FPIC).⁴⁰ This history raises cause for concern when MDBs are assuming an increasing role in provision of (what they report as) climate finance - with the highest levels reported in 2023, and it increases the urgency that states fulfil their obligation to prevent that projects financed by development banks interfere with the enjoyment of human rights.⁴¹

There is also a wealth of documentation of how REDD+ projects financed through the voluntary carbon market have led to violations of the rights of Indigenous Peoples.⁴² In response, Indigenous Peoples have reacted on a spectrum from full rejection of “carbon markets and nature-based solutions”⁴³ to calls for improvements through stronger safeguard systems that reflect the minimum standards, such as FPIC, affirmed in the UN Declaration on the Rights of Indigenous Peoples (UNDRIP).⁴⁴

39 Petra Kjell Wright, et al (2024). A safe pair of hands? How the multilateral development banks fail to live up to expectations on climate finance. Recourse and others. https://re-course.org/wp-content/uploads/2024/11/A-safe-pair-of-hands_Recourse_November-2024.pdf

40 Mark Moreno Pascual, et al (2023). LOST IN TRANSITION: Analysis of the World Bank’s Renewable Energy Investments since Paris. Recourse with Center for Financial Accountability, Solidaritas Perempuan and Sustentarse. <https://re-course.org/wp-content/uploads/2023/09/Lost-in-Transition-FINAL.pdf>

41 CESCR (2022) General Comment No 26 on land and economic, social and cultural rights. <https://docs.un.org/en/E/C.12/GC/26>, para. 41

42 See for example: Haya, B. K., Alford-Jones, K., Anderegg, W. R. L., Beymer-Farris, B., Blanchard, L., Bomfim, B., Chin, D., Evans, S., Hogan, M., Holm, J. A., McAfee, K., So, I. S., West, T. A. P., & Withey, L. (2023). Quality assessment of REDD+ carbon credit projects. Berkeley Carbon Trading Project <https://gspp.berkeley.edu/research-and-impact/publications/quality-assessment-of-redd-carbon-credit-projects> and Mapped: The impacts of carbon-offset projects around the world (2023): <https://interactive.carbonbrief.org/carbon-offsets-2023-mapped.html>

43 See: UN Permanent Forum on Indigenous Issues (2025). International financial architecture and the rights of Indigenous Peoples. E/C.19/2025/3 <https://docs.un.org/en/E/C.19/2025/3> and International Indigenous Peoples Forum On Climate Change (IIPFCC): <https://static1.squarespace.com/static/5627862ce4b07be93cfb9461/t/656a56b09a48df1517a78f6a/1701467824810/IIPFCC+OPENING+COP+28+PLENARY+STATEMENT+NOVEMBER+30+2023+DUBAI+FINAL.pdf>

44 Indigenous and Local Community Leaders Call for Strengthened Safeguards in ART’s Jurisdictional REDD+ Draft Standard (2025). <https://www.regnskog.no/en/news/indigenous-and-local-community-leaders-call-for-strengthened-safeguards-in-arts-jurisdictional-redd-draft-standard>

Alternative sources

The above outlined why current approaches that promote voluntary private, market-based and debt-creating finance are not set up to meet international obligations and principles on climate and biodiversity finance. What follows examines some alternative sources of finance that Global North countries should explore to fill the climate and biodiversity finance gap in line with the international obligations and principles discussed. It focuses on a select few sources and measures and does not represent an exhaustive list of everything that can be done to fill the estimated finance gaps.⁴⁵ Regardless, it finds that finance exists, it just needs to be redistributed and repurposed – which takes political will.

Eliminating, phasing out and reforming harmful subsidies and incentives

Subsidies harmful to the environment have been estimated at USD 2.6 trillion per year globally, with the fossil fuel sector being the primary recipient (40%), followed by the agricultural sector (23%).⁴⁶ This figure is even higher when implicit subsidies, such as unaccounted costs from air pollution and climate damage are included, with fossil fuel support alone reaching an estimated USD 7 trillion in 2022. This is equivalent to over 7% of global GDP.⁴⁷ Hence, eliminating and redirecting such subsidies has the potential to both reduce environmental harm, and to unlock significant new and additional funds that countries can dedicate towards climate and biodiversity action. Political will to act on this opportunity is certainly not observable in every country,⁴⁸ but the topic has in the past few years made it into several international high-level political spaces.

Subsidies harmful to the environment have been estimated at USD 2.6 trillion per year globally

Sunset in Aishalton Village, Wapichan territory, Region 9, Guyana. Credit: Oda Almás Smith (2025)

45 While this report is focusing specifically on a selection of measures that Global North countries can take to increase their ability to direct resources towards Global South countries as official climate and biodiversity finance, it does not explore other key measures that can increase fiscal space in Global South countries to address impacts from the climate and biodiversity crises. Such include their own domestic tax policy as well as Global North institutions' role in promoting debt justice, which would free up Global South finance but not necessarily be channeled via the Global North to the Global South as official climate and biodiversity finance.

46 https://www.earthtrack.net/sites/default/files/documents/ehs_report_september-2024-update_final.pdf

47 Climate Crisis Advisory Group (2025). NDCs as levers for prosperity, health and resilience. 10 transformative recommendations for climate action. <https://www.ccag.earth/reports/ndcs-as-levers-for-prosperity-health-and-resilience>

48 Laura Peterson (2025). <https://blog.ucs.org/laura-peterson/trumps-handouts-to-fossil-fuel-industry-will-cost-public-80-billion-over-next-decade/>

There are several mandates within both the UNFCCC and the CBD supporting measures to reform, eliminate, and redirect harmful subsidies (see Table 1) and the International Court of Justice has also pronounced on the topic. It considers that “failure of a State to take appropriate action to protect the climate system from GHG emissions — including through [...] the provision of fossil fuel subsidies — may constitute an internationally wrongful act which is attributable to that State.”⁴⁹

Table 1. Mandates for subsidy reform in the UNFCCC and CBD

Category	Instruments	Summary
Aligning financial flows with low greenhouse gas emissions	Paris Agreement article 2.1 (c)	Aims to strengthen the global response to the threat of climate change, including by making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.
Phase-out of inefficient fossil fuel subsidies	Decision 1/CMA.3 para. 36 (Glasgow Climate Pact), Decision 1/CP.27 para. 13 (Sharm-el Sheikh Implementation Plan)	Calls on parties to <i>inter alia</i> phase-out of inefficient fossil fuel subsidies, in order to mitigate climate change.
Eliminating, phasing out or reforming incentives	Kunming-Montreal Global Biodiversity Framework Target 18	Sets a target for states to 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 USD 500 billion per year by 2030, starting with the most harmful incentives, and scale up positive incentives for the conservation and sustainable use of biodiversity.

The Coalition on Phasing Out Fossil Fuel Incentives (COFFIS), launched at UNFCCC COP28, is an initiative emerging in response to these international mandates and expectations. It seeks to phase out fossil fuel subsidies by developing national action strategies, remove barriers and facilitate transparency, to stop subsidies for the fossil fuels sector.⁵⁰ The members, including high-income countries such as the UK, France, Denmark, New Zealand, Belgium, and Canada, have also promised to develop national strategies to phase out their subsidies by COP30 and to produce inventories showing how they subsidise fossil fuels and at what cost.

49 International Court of Justice. (2025). Obligations of States in respect of Climate Change, para. 427. <https://www.icj-cij.org/sites/default/files/case-related/187/187-20250723-adv-01-00-en.pdf>

50 UK joins coalition to phase out fossil fuel subsidies (2024). <https://www.independent.co.uk/climate-change/news/azerbaijan-cop29-keir-starmer-ed-miliband-david-lammy-b2649781.html>

Tax policy

A 2024 report by the Tax Justice Network found that the world is collectively losing USD 492 billion in tax revenue per year due to cross-border tax abuse of multinational corporations and wealthy individuals.⁵¹ It also found that almost half of this loss can be linked to the action and inaction of eight countries, including the UK. As is increasingly being highlighted by civil society organisations, academia and UN mechanisms, taxation constitutes a fundamentally underused tool which could unlock billions for climate and biodiversity action.⁵²

Estimations based on tax data from 2024 show that with two major tax justice reforms, countries with greater historical responsibility for the climate and biodiversity crises can increase their contributions towards international climate and biodiversity action while also keeping funds for domestic spending. These reforms relate to moderate progressive tax on extreme wealth and measures to stop tax abuse across borders by multinational corporations.⁵³ Countries could also raise significant revenue by increasing tax on the profits of fossil fuel companies, including through windfall taxes.⁵⁴ In practice such measures would operationalise the polluter pays principle and the principle of CBDR-RC.

Some of these measures can be adopted unilaterally by countries, and any failure to do so might come down to political will. Other measures are stalled due to lack of international cooperation. There is a strong push from the climate justice movement and Global South countries to remove such roadblocks and enable progress for adoption of tax reforms through an overhaul of global tax governance.⁵⁵ The proposal is for a UN Framework Convention on International Tax Cooperation (UN Tax Convention) that would facilitate inclusive decision-making between states and lead to agreement to end financial secrecy – which enables cross-border tax abuse and illicit finance flows – and that allow all countries to exercise a right to tax extreme wealth.⁵⁶ After a long run-up period, the negotiations for the UN Tax Convention started in 2025 and are set to be finalised in 2027.⁵⁷

...the world is collectively losing USD 492 billion in tax revenue per year due to cross-border tax abuse of multinational corporations and wealthy individuals

51 Tax Justice Network (2024). State of Tax Justice 2024. <https://taxjustice.net/wp-content/uploads/2024/11/State-of-Tax-Justice-2024-English-Tax-Justice-Network.pdf>

52 See e.g. Olivier De Schutter (2025). Report of the Special Rapporteur on extreme poverty and human rights. Weathering the storm: poverty, climate change and social protection, (A/HRC/59/51) <https://reliefweb.int/report/world/weathering-storm-poverty-climate-change-and-social-protection-report-special-rapporteur-extreme-poverty-and-human-rights-olivier-de-schutter-ahrc5951-enarruzh> (paragraphs 9-12); Pimbert, M.P. (2025). Calling out the financial elephants in the room: Tackling the myth of scarcity to finance agroecological food system transformation <https://agroecologynow.net/calling-out-the-financial-elephants-in-the-room-tackling-the-myth-of-scarcity-to-finance-agroecological-food-system-transformation/>; and Franziska Mager (2025). Reclaiming tax sovereignty to transform global climate finance. Tax Justice Network. <https://taxjustice.net/wp-content/uploads/2025/06/Reclaiming-tax-sovereignty-to-transform-global-climate-finance-June-2025-Tax-Justice-Network.pdf>

53 Franziska Mager (2025). Reclaiming tax sovereignty to transform global climate finance. Tax Justice Network. Executive summary: <https://taxjustice.net/2025/06/16/reclaiming-tax-sovereignty-to-transform-global-climate-finance/>

54 Windfall taxes are one-off levies on unexpected profits made by a company that would not be attributable to the company's strategy, but rather external factors, such as increased prices of its product(s).

55 Towards Global Tax Justice: Civil Society in the UN Tax Convention Negotiations (2025) <https://globaltaxjustice.org/news/civil-society-in-the-un-tax-convention-negotiations/>

56 Early signals: mapping State and stakeholder inputs on the UN Tax Convention (2025) <https://www.cesr.org/early-signals-mapping-state-and-stakeholder-inputs-on-the-un-tax-convention/>

57 The Start of the Negotiations for a UN Framework Convention on Tax: Maximising Opportunities, Overcoming Challenges (2025). <https://globaltaxjustice.org/news/start-of-the-unfcitc-negotiations/>

Another example of emerging efforts to improve international tax cooperation is the Global Solidarity Levies Task Force, launched at COP28. This taskforce seeks to bring together countries to advance options for international levies that will raise much needed revenue to fight against climate change and support development and nature.⁵⁸ It is exploring 16 potential solidarity levies, described as “coordinated but nationally administered taxes, earmarked for global public goods such as climate mitigation and adaptation, especially in vulnerable developing countries.” The taskforce has provided concrete examples of how solidarity levies (e.g. on shipping, aviation, fossil fuel extraction, fossil fuel profits, and financial transactions) can generate significant amounts of revenue.⁵⁹

Many countries have already adopted levies, for example in the form of tax on fossil fuel profits, and there is increasing momentum for international cooperation to align such policies with climate and biodiversity goals. In June 2025 for example, eight countries launched a coalition for levies on premium flyers,⁶⁰ and in April 2025, the International Maritime Organization (IMO) announced the approval of the shipping industry's first global carbon pricing mechanism.⁶¹

Unlike debt-inducing instruments and carbon and biodiversity markets, where the amount of finance generated depends on volatile markets, targeted and progressive tax policies, including solidarity levies, can generate predictable streams of public revenue that can be allocated directly as grants-based funding. Importantly, there is already broad public support for taxation measures aimed at redistribution for social and climate purposes, indicating that such measures are highly viable.⁶² For example, a 2025 survey covering 13 countries found that over 80% of respondents support fossil fuel companies paying for climate damage through taxes and that revenues should be channeled to communities hit hardest by climate change.⁶³ Further, millionaires and billionaires themselves largely support wealth taxes,⁶⁴ and several countries, including the UK,⁶⁵ Spain, Kenya, and France, have already expressed support for solidarity levies to scale up climate finance.⁶⁶

BOX 2. QUITO WATER FUND

The Quito Water Fund in Ecuador, established in 2000, is a successful example of environmental taxes to fund biodiversity action. It establishes a 2% fee for the city's water utility company. Since 2000, the revenue has been used to protect ecosystems and ensure water security, by investing in sustainable agriculture, erosion control, and community education to enhance water security. It demonstrates a viable model to raise money from private sector actors through fees.⁶⁷

58 <https://solidaritylevies.org/>

59 Solidarity Levies in the Baku to Belém Roadmap to 1.3T (2025) https://unfccc.int/sites/default/files/resource/Global_Solidarity_Taskforce_Baku_Belem_Roadmap_submission.pdf

60 Eight countries launch solidarity coalition for levies on premium flyers (2025) <https://solidaritylevies.org/eight-countries-launch-solidarity-coalition-for-levies-on-premium-flyers/>

61 IMO Approves First-Ever Global Carbon Pricing for Shipping — But Is It Enough? (2025). <https://fourclimate.org/insights/50>

62 See e.g. NEW POLL: Wealthiest 6 percent of Brits support a wealth tax (2013) <https://patrioticmillionaires.uk/latest-news/new-poll-wealthiest-6-percent-of-brits-support-a-wealth-tax#:~:text=Patricio%20Millionaires%20UK%20is%20a%20non%2Dparty%20political,economic%20inequality%20and%20higher%20taxes%20on%20themselves,> and How polluter pays taxes can fund a bold and fair climate plan (2025) <https://policy.friendsoftheearth.uk/insight/how-polluter-pays-taxes-can-fund-bold-and-fair-climate-plan>

63 8 in 10 people support taxing oil and gas corporations to pay for climate damages, global survey finds (2025) <https://www.greenpeace.org/international/press-release/75582/global-survey-finds-8-out-of-10-people-support-taxing-oil-and-gas-corporations-to-pay-for-climate-damages/>

64 Majority Of Millionaires Supports Wealth Tax (2025) <https://www.forbes.com/sites/katharinabuchholz/2025/06/06/majority-of-millionaires-supports-wealth-tax/>

65 UK Government. The United Kingdom of Great Britain and Northern Ireland's submission to the United Nations Framework Convention on Climate Change on the Baku to Belém Roadmap to 1.3T. https://unfccc.int/sites/default/files/resource/UK_B2BR.pdf

66 Submission made jointly by the governments of: France, Kenya, Spain. (2025). Solidarity Levies in the Baku to Belém Roadmap to 1.3. https://unfccc.int/sites/default/files/resource/BB1.3T_Global_Solidarity_levies_Task_force.pdf

67 Green Finance Institute Hive, UNDP Biodiversity Finance Initiative and UNEP Finance Initiative (2024). Revenues for Nature Guidebook Series Nature-based Models for Unlocking Private Investment into Water Quality and Availability. <https://hive.greenfinanceinstitute.com/wp-content/uploads/2024/10/R4N-GUIDEBOOKS-FRESHWATER-Part-1.pdf>

The case of the UK

The following section turns to the UK as a specific example and examines the country's approach to generating finance in light of the international obligations and principles discussed above and looks at what it is doing regarding alternative approaches to finance generation.

Generating new, additional and adequate finance, in line with CBDR-RC

The UK's approach to climate and biodiversity finance is articulated through the UK's current International Climate Finance (ICF 3) strategy 2021-2025, which outlines financing measures both for climate and biodiversity action.

Through ICF 3, the UK has pledged to provide £11.6 billion in international climate finance from 2021 to 2026, including at least £3 billion for protecting, restoring, and sustainably managing nature (with £1.5 billion specifically focused on forests) and to triple adaptation finance from £500 million in 2019 to £1.5 billion in 2025.⁶⁸ Grants remain the most common mechanism for delivery of this finance.⁶⁹

The ICF 3 contains many references to the Paris Agreement, but none acknowledge the central principle of CBDR-RC and what this means in the context of the UK. The Overseas Development Institute (ODI) has found that the UK continues to fall below its 'fair share' of climate and biodiversity finance compared to its historical responsibility. For example, in 2022, the UK contributed just 68% of its 'fair share' of climate finance, falling significantly behind other countries like Norway and France, which paid 270% and 230% of their fair share respectively.⁷⁰ When it comes to biodiversity finance, the number is lower, with only an estimated 24% of its 'fair share' paid up in 2021.⁷¹ Regarding finance to address loss and damage, the UK has pledged just £40 million to the Fund for Responding to Loss and Damages (FRDL), while the UK's fair share is estimated to be in the range of £7.18 - £28.71 billion.⁷²

While the UK's initial £11.6 billion pledge promised that this finance would be additional to existing ODA, parts of it has indeed been repackaging of existing commitments.⁷³ In light of reductions in ODA spending,⁷⁴ and with a view to meeting its £11.6 billion commitments, several changes were made in 2023 to how the UK accounts for ICF spend.⁷⁵ Those changes mean that 15% (£1.724 billion) of ICF is just re-classified existing ODA and does not represent additional financing for developing countries.⁷⁶

68 UK Government: International Climate Finance. <https://www.gov.uk/guidance/international-climate-finance>

69 The UK reported that grant-based climate finance support from 2016 to 2019 totaled 89%: <https://assets.publishing.service.gov.uk/media/6482f5aa5f7bb7000c7fa775/ufpp-uk-international-climate-finance-strategy-2023.pdf>

70 A fair share of climate finance? The collective aspects of the New Collective Quantified Goal (2024): <https://odi.org/en/publications/a-fair-share-of-climate-finance-the-collective-aspects-of-the-ncqg/>

71 Pettinotti, L., Cao, Y., Kamninga, T. and Colenbrander, S. (2024) A fair share of biodiversity finance? Apportioning responsibility for the \$20 billion target by 2025. ODI Working Paper. London: ODI https://media.odi.org/documents/Executive_Summary_A_fair_share_of_biodiversity_finance.pdf

72 FILLING THE FUND FOR RESPONDING TO LOSS AND DAMAGE: DEVELOPED COUNTRIES FAIR SHARES https://docs.google.com/document/d/1zFyloRRVobe3w4Ecjr7lpOKAAjMyGPluKH_sRfrq8/edit?tab=t.0

73 Exposing the £1.6 billion cut to UK international climate finance (2023). <https://www.savethechildren.org.uk/blogs/2023/the-p1-6-billion-cut-to-the-uk-s-international-climate-finance->

74 UK to reduce aid to 0.3% of gross national income from 2027 (2025) <https://commonslibrary.parliament.uk/uk-to-reduce-aid-to-0-3-of-gross-national-income-from-2027/>

75 Independent Commission for Aid Impact (2024). UK aid's international climate finance commitments A rapid review. <https://icai.independent.gov.uk/wp-content/uploads/International-Climate-Finance-ICAI-Review.pdf>

76 Rapid review: UK aid's international climate finance commitments (2024) <https://icai.independent.gov.uk/html-version/uk-aids-international-climate-finance-commitments/>

Having failed to pay its ‘fair share’ of climate and biodiversity finance from public sources, the UK appears to be looking to the private sector to take on a significant share of this obligation. This can be inferred from language in the ICF itself, sectors to which ICF grants are channeled and other UK finance flows and investments (see summary in Table 2), e.g.:

- One of the Key Performance Indicators (no. 12) in the ICF is “estimated volume of private finance mobilised for climate change purposes”.
- The ICF states that the UK will achieve its goals inter alia, by “supporting indigenous and local forest communities to recognise and secure land rights, increasing public and private finance flows for forests by unlocking finance from fair and inclusive carbon markets for high-quality nature-based credits, including through REDD+, and expanding asset classes and payments for ecosystem services.”
- At COP26 the UK pledged £200 million to the LEAF (Lowering Emissions by Accelerating Forest Finance) Coalition to unlock unprecedented levels of finance for forest protection, especially by “galvanising business investment”.⁷⁷
- The UK has pledged and contributed significant funding to initiatives that promote market-based mechanisms. According to numbers by the UK Government itself, the UK “is one of the largest providers of capacity building support for EMDEs [emerging markets and developing economies] seeking to participate in carbon markets and has committed over £650 million to funds supporting carbon markets and results-based payments (this number includes the £200 million commitment to LEAF).”⁷⁸
- The UK is investing in promoting blended finance approaches, which seek to incentivise private investment in sustainable forest enterprises, including through the Mobilising Finance for Forests programme, to which the UK has committed £48 million.⁷⁹
- Funding for capacity-building, such as through the UK PACT programme, has in some cases focused on developing capacity and infrastructure for market-based approaches. In Indonesia, for example, UK PACT supported the development of the Emissions Trading Systems (ETS) and voluntary carbon markets (VCMs).⁸⁰

While ICF results published in 2025 show that between 2011 and 2025, the UK mobilised over £10 billion of private finance across 98 programmes,⁸¹ it is not clear that all investments are successful in generating funding in a predictable manner. The LEAF Coalition, for example, has so far failed to mobilise private sector capital, and while initial commitments by the private sector have been made through forward purchase agreements (ERPAs),⁸² they have yet to translate into actual disbursements from the private sector.⁸³

77 New public-private coalition launched to mobilize more than \$1 BN to protect tropical forests and enhance global climate action (2021) <https://www.nicfi.no/2021/04/22/new-public-private-coalition-launched-to-mobilize-more-than-1-billion-to-protect-tropical-forests-and-enhance-global-climate-action/>

78 HM Government (2023). Mobilising Green Investment 2023 Green Finance Strategy. <https://assets.publishing.service.gov.uk/media/643583fb877741001368d815/mobilising-green-investment-2023-green-finance-strategy.pdf>

79 UK unveils funding boost to help forest nations fight climate change (2024) <https://www.gov.uk/government/news/uk-unveils-funding-boost-to-help-forest-nations-fight-climate-change>

80 Indonesia-UK PACT Call for Proposals open: carbon pricing sector (2025) <https://www.ukpact.co.uk/news/indonesia-uk-pact-call-for-proposals-open-carbon-pricing-sector>

81 <https://www.gov.uk/government/publications/uk-international-climate-finance-results-2025/uk-international-climate-finance-results-2025>

82 Pará signs \$180m LEAF Coalition deal – first in Brazil (2024). <https://emergentclimate.com/wp-content/uploads/2024/09/Para-ERPA-announcement-Emergent-Final.pdf>

83 Donor-funded forest carbon trading scheme for multinational giants has not yet produced a single sale (2025) <https://www.development-today.com/archive/2025/dt-6--2025/donor-funded-forest-carbon-trading-scheme-for-multinational-giants-has-not-yet-produced-a-single-sale>

Table 2. Examples of UK's investments in mobilising private finance

Initiative	Focus	Commitment
Carbon market and results-based payment funds	The UK supports a range of funds that seek to promote carbon markets, including through support the participation of EMDEs: Partnership for Market Implementation (£20 million), Transformative Carbon Asset Facility (£60 million), Carbon Initiative for Development (£50 million), REDD Early Movers programme (£73 million) Forest Carbon Partnership Facility (£141 million), BioCarbon Fund Initiative for Sustainable Forest Landscapes (£115 million)	£ 450 million ⁸⁴
LEAF Coalition	A public-private coalition supporting jurisdictional REDD+ through results-based payments and voluntary carbon market transactions.	£200 million ⁸⁵
UK Technical Assistance Programme for the LEAF Coalition	Seeks to support national and sub-national governments in Africa, Asia and Latin America, to access REDD+ finance through the LEAF Coalition. ⁸⁶	£ 5 million ⁸⁷
International Alliance on Biodiversity Credits (IAPB)	Seeks to develop international biodiversity credit markets	£ 0.5 million ⁸⁸
SCALE Programme	Seeks to build forest-based carbon markets	£188 million ⁸⁹
Mobilising Finance for Forests	Seeks to incentivise private investment in forest enterprises through blended finance	£ 48 million ⁹⁰
UK PACT	Seeks to build the institutional and technical capacities for countries to accelerate low-carbon development; could support both market and non-market approaches	£ 140 million ⁹¹

Note: The initiatives and amounts recorded in this table do not represent an exhaustive list of all UK's investments to unlock private finance for climate and biodiversity. The reader can consult the UK's 'Mobilising Green Investment; 2023 Green Finance Strategy' for a more comprehensive list.⁹²

84 See <https://assets.publishing.service.gov.uk/media/643583fb877741001368d815/mobilising-green-investment-2023-green-finance-strategy.pdf>, page 117 for Sustainable Forest Landscapes (£115 million)

85 Over 100 leaders make landmark pledge to end deforestation at COP26 (2021) <https://www.gov.uk/government/news/over-100-leaders-make-landmark-pledge-to-end-deforestation-at-cop26>

86 Protecting the climate by helping African, Asian and Latin American governments access finance to reduce deforestation (2023) <https://www.ricardo.com/en/news-and-insights/industry-insights/protecting-the-climate-by-helping-african-asian-and-latin-american-governments-access-finance-to-reduce-deforestation>

87 https://climatelawandpolicy.com/uk_technical_assistance_programme_for_leaf.aspx

88 <https://www.gov.uk/government/news/uk-and-france-pledge-joint-funding-for-international-biodiversity>

89 <https://www.gov.uk/government/news/uk-unveils-funding-boost-to-help-forest-nations-fight-climate-change>

90 ibid

91 <https://www.gov.uk/government/news/uk-dedicates-140m-to-help-countries-switch-to-cleaner-energy>

92 <https://assets.publishing.service.gov.uk/media/643583fb877741001368d815/mobilising-green-investment-2023-green-finance-strategy.pdf>

Eliminating, phasing out and reforming harmful subsidies and incentives

Numbers vary between different studies and methodologies, but it is clear that the UK is wasting billions of GBP on fossil fuel subsidies. According to the Fossil Fuel Subsidy Tracker, the UK's fuel subsidies have increased since 2020, and peaked at £51 billion in 2022. While most of the UK's subsidies in the past were directed to petroleum, natural gas received the largest share of subsidies in 2022 and 2023.⁹³

At the same time, the UK's 2035 Nationally Determined Contribution (NDC) states that it "supports international efforts to reform inefficient fossil fuel subsidies".⁹⁴ Relatedly, the UK announced at COP29 that it is joining the Coalition on Phasing Out Fossil Fuel Incentives (COFFIS). As described in the previous section, this initiative seeks to phase out fossil fuel subsidies by developing national action strategies, removing barriers for dismantling such subsidies and facilitating transparency.⁹⁵ As a COFFIS member, the UK is expected to develop a national strategy to phase out subsidies by COP30 and to produce an inventory showing how the country currently subsidises fossil fuels.

It is unclear exactly what actions the UK has taken or what reforms have been implemented towards this goal. The same goes for a 10-point plan for financing biodiversity endorsed by the UK in 2022, which includes plans to "review national subsidies to redirect or eliminate all subsidies and incentives harmful to biodiversity, and scale up nature-positive incentives."⁹⁶

...the UK's fuel subsidies have increased since 2020, and peaked at £51 billion in 2022



View over Wapichan territory, Region 9, Guyana. Credit: Oda Almås Smith (2025)

93 Country trends in fossil-fuel subsidies (2023) <https://fossilfuelsubsidytracker.org/country/>

94 UK Government (2025). United Kingdom of Great Britain and Northern Ireland's 2035 Nationally Determined Contribution <https://assets.publishing.service.gov.uk/media/679b5ee8413ef177de146c1e/uk-2035-nationally-determined-contribution.pdf>

95 UK joins coalition to phase out fossil fuel subsidies (2024) <https://www.independent.co.uk/climate-change/news/azerbaijan-cop29-keir-starmer-ed-miliband-david-lammy-b2649781.html>

96 10 Point Plan for financing biodiversity: trends in 2023 (2023) <https://www.gov.uk/government/publications/political-vision-the-10-point-plan-for-financing-biodiversity/10-point-plan-for-financing-biodiversity-trends-in-2023>

Tax policy

In the financial year 2024/2025, the UK government's tax revenue from oil and gas production was £4.5 billion, a decrease of 27% from the year before.⁹⁷ These taxes included both regular corporate tax and a windfall tax (referred to as the Energy Profits Levy) on oil and gas profits. The latter was introduced in 2022 (to be in effect until 2030) in response to sky-high oil and gas revenues resulting from the soaring prices of these commodities. On the surface, the windfall tax looks like a significant step towards addressing the general under-taxation of fossil fuel companies. However, it came with a loophole – a massive raise in tax relief for companies investing in new fossil fuel projects, estimated to amount to £18 billion between 2023 and 2026.⁹⁸ This is at odds with recommendations from UN Special Procedures, that “particularly the highest emitting States, in historical and contemporary terms, should consider ceasing to pursue the exploration of and new investments in fossil fuels as a matter of human rights-based international solidarity.”⁹⁹

To add to the damage, it is reported that the UK is considering discarding the windfall tax years before its original end date, citing economic growth considerations as the rationale.¹⁰⁰ UK civil society organisations have called for a *permanent* mechanism to tax excess oil and gas profits (to replace the windfall tax) and has set out a list, beyond this, of concrete tax measures targeting heavy polluters that would enable the UK to generate vital funds for a just transition.¹⁰¹ Importantly, they also call for all tax measures to be progressive – i.e. not disproportionately burdening low-income households – inclusive and transparent.¹⁰²

It has been estimated that the UK is losing USD 45 billion per year as a result of multinational corporations and wealthy individuals evading and underpaying tax.¹⁰³ These losses can be attributed to the UK's own policy choices, which are intricately linked to the country's colonial history. First, the UK continues to facilitate massive tax evasion through what is often referred to as its “second empire” – the network of tax havens in Crown Dependencies and Overseas Territories which grew significantly during the period of decolonisation in the middle of the 20th century. The UK and its second empire have been found to be responsible for around one quarter of all global tax revenue losses.¹⁰⁴ Second, the UK is one of very few countries in Europe that has never implemented a wealth tax. Many studies have shown that vast resources could have been available to the fiscal budget from modest taxes on millionaire households (different studies look at scenarios for taxing wealth over GBP 1 million, 3 million, and 10 million).¹⁰⁵ Overall, Tax Justice Network has calculated that by taking measures to stop cross-border tax abuse and adopt wealth taxes, the UK could free up over USD 77 billion that could be made available for rights-based climate and biodiversity action.¹⁰⁶

...by taking measures to stop cross-border tax abuse and adopt wealth taxes, the UK could free up over USD 77 billion that could be made available for rights-based climate and biodiversity action

97 Government revenues from oil and gas production September 2025 (2025) <https://www.gov.uk/government/statistics/government-revenues-from-uk-oil-and-gas-production--2/government-revenues-from-oil-and-gas-production-september-2025#:~:text=net%20revenues%20across%20all%20oil%20and%20gas,prices%20declined%20from%20their%20peaks%20in%202022>

98 The windfall tax was supposed to rein in fossil fuel profits. Instead it has saved corporations billions (2023) <https://neweconomics.org/2023/11/the-windfall-tax-was-supposed-to-rein-in-fossil-fuel-profits-instead-it-has-saved-corporations-billions>

99 Report of the Independent Expert on human rights and international solidarity, A/HRC/44/44. (2020) <https://docs.un.org/en/A/HRC/44/44>, para.54

100 UK considers scrapping oil and gas windfall tax in bid to boost growth (2025) <https://www.politico.eu/article/uk-treasury-oil-gas-windfall-tax-growth-november-budget/>

101 Global Witness, Tax Justice UK, Oxfam (2025). Taxing polluters: for a fairer, greener society. <https://oxfam.app.box.com/s/hknz0z5v87koj4oxiwl4kdkyxn59dwyb>

102 Seven principles of good taxation for climate finance Practical proposals for immediate application (2024) <https://taxjustice.net/wp-content/uploads/2024/12/Principles-of-good-taxation-for-climate-finance-December-2024-Tax-Justice-Network.pdf>

103 World losing half a trillion to tax abuse, largely due to 8 countries blocking UN tax reform, annual report finds (2024) <https://taxjustice.net/press/world-losing-half-a-trillion-to-tax-abuse-largely-due-to-8-countries-blocking-un-tax-reform-annual-report-finds/>

104 Franziska Mager (2025). Reclaiming tax sovereignty to transform global climate finance. Tax Justice Network. <https://taxjustice.net/reports/reclaiming-tax-sovereignty-to-transform-global-climate-finance/>, page 46 and Tax Justice Network (2024). State of Tax Justice 2024 <https://taxjustice.net/wp-content/uploads/2024/11/State-of-Tax-Justice-2024-English-Tax-Justice-Network.pdf>, page 25

105 Franziska Mager (2025). Reclaiming tax sovereignty to transform global climate finance. Tax Justice Network. <https://taxjustice.net/wp-content/uploads/2025/06/Reclaiming-tax-sovereignty-to-transform-global-climate-finance-June-2025-Tax-Justice-Network.pdf>, page 47

106 Climate Finance Calculator: https://tax-justice-network.github.io/slider_climate_finance/slider_protected.html

While domestic tax policy reforms are important for the UK to unlock finance it can use towards fulfilling its fair share of the responsibility for climate and biodiversity decline, collaborating towards international tax reform that would allow Global South countries to raise tax revenues themselves, is also by extension part of that responsibility. Tax justice groups highlight the unique opportunity that exists in the negotiations for the UN Tax Convention to address international structures that enable high net worth individuals and corporations to hide their wealth and profits to avoid tax. Among other measures, they emphasise three that are vital to achieve the necessary tax and financial transparency:¹⁰⁷ One is *automatic exchange of information* between countries to prevent corporations and individuals from abusing bank accounts they hold abroad to hide the true value of their wealth. Another is mandatory *beneficial ownership registration*, to ensure that individuals who ultimately control and benefit financially from corporate activities cannot hide behind convoluted corporate structures to avoid accountability and underpay tax. And a third is *public country by country reporting*, requiring multinational corporations to publish how much profit they make in each country they operate, giving tax authorities and the public a full picture of multinational corporations' financial accounts.

While the UK has a beneficial ownership registry, it has been criticised as having detrimental flaws.¹⁰⁸ Further, to date, the UK has hindered advancement on such international reforms, being one of eight countries blocking progress in the negotiations of the UN Tax Convention.¹⁰⁹ On the other hand, in its public inputs to the UNFCCC consultation on how to reach the NCQG, the UK did call for new global taxes and solidarity levies to constitute new sources of climate finance.¹¹⁰ The UK has, however, not joined the Global Solidarity Levies Taskforce.¹¹¹ Doing so, as well as supporting the UN Tax Convention, would constitute timely opportunities for the UK to show leadership in global efforts to create a fairer global tax system and simultaneously generate USD billions in finance aligned with its obligations to provide new and additional climate and biodiversity finance.

107 What are the ABCs of tax justice? <https://taxjustice.net/faq/what-are-the-abcs-of-tax-justice/>

108 Andres Knobel (2023). Why beneficial ownership frameworks aren't working - and what to do about it. Tax Justices Network. <https://taxjustice.net/wp-content/uploads/2023/12/Why-beneficial-ownership-registries-arent-working-Tax-Justice-Network-Dec-2023.pdf>

109 Why the new Labour government should reverse the UK's opposition to the UN tax convention (2023) <https://taxjustice.net/2024/07/26/why-the-new-labour-government-should-reverse-the-uks-opposition-to-the-un-tax-convention/>

110 UK Government. (2025). The United Kingdom of Great Britain and Northern Ireland's submission to the United Nations Framework Convention on Climate Change on the Baku to Belém Roadmap to 1.3T. https://unfccc.int/sites/default/files/resource/UK_B2BR.pdf

111 UK Parliament, Written questions (2025) <https://questions-statements.parliament.uk/written-questions/detail/2025-10-13/81438>

In summary, how is the UK doing?

Common but Differentiated Responsibilities and Respective Capabilities

- The UK is an important contributor to international climate and biodiversity finance, but estimates indicate that the UK is significantly below providing its ‘fair share.’
- The UK has reduced its ODA and is investing significantly in scaling up private sector voluntary and market-driven approaches to climate and biodiversity finance, which suggests the UK seeks to delegate an important part of its climate and biodiversity finance obligation to the private sector.

New and additional finance:

- The majority of the UK’s climate and biodiversity finance is delivered through grants, which is considered new and additional finance.
- However, changes in accounting methodologies raise concerns that a portion of the finance counted towards fulfilment of its ICF £11.6 billion pledge does not constitute new and additional finance but rather re-classified ODA.
- While the UK has taken some steps to reform harmful subsidies and have certain fossil fuel taxes in place, there is no public information regarding whether revenues from these or other tax measures are – or would be – earmarked for climate and biodiversity financing. In general, tax policy remains a broadly underused tool to regain a staggering pot of revenues lost to tax abuse each year.

Adequate and predictable finance

- Most of the UK’s climate and biodiversity finance is to date provided as grants-based, public funding, but the UK is also significantly invested in developing market-based approaches such as carbon and biodiversity credits, which raise concerns of increased reliance on volatile and speculative approaches.

PART 2:

Channeling just and equitable finance to Indigenous Peoples



The first international meeting of 70 members of Indigenous and Afro-descendant guards from Peru and Colombia, to foster solidarity and self-protection of their territories. Caimito, Ucayali, Peru. Credit: Matias Perez Ojeda del Arco, FPP.

Part 1 looked at international obligations and principles relevant for the provision and mobilisation of climate and biodiversity finance as well as current practices; illustrating how approaches relying on private sector voluntary action, markets and loans fall short on those obligations and principles. It then examined alternative approaches for Global North countries to generate new and additional finance through tax policy and reforming and redirecting subsidies. Part 2 of the report looks at ways to channel this finance in ways that are rights-based and that reach the right places, projects, and peoples.

The rights-based imperative for Indigenous Peoples' equitable access to climate and biodiversity finance

International human rights law sets out a duty of states to take action, through international assistance and cooperation, for the realisation of human rights, which includes the collective rights of Indigenous Peoples.¹¹² A corresponding right of Indigenous Peoples to receive financial and technical assistance from states through international cooperation for the enjoyment and implementation of their rights is enshrined in Article 39 of UNDRIP.

As widely documented, the climate and nature crises are dramatically affecting Indigenous Peoples' lives and territories, negatively impacting the full spectrum of their rights. It is also clearly established that Indigenous Peoples are vital players in the protection of forests, other ecosystems and the climate and that a significant condition for their ability to play such a role is the legal recognition and titling of their territories.¹¹³ Together, these facts underscore the urgent need to operationalise Indigenous Peoples' access to climate and biodiversity finance as a concrete measure of upholding and safeguarding their rights as well as to achieve positive climate and biodiversity outcomes. They also highlight that the legal and practical realisation of land tenure security for Indigenous Peoples should be considered a vital – although financially unquantifiable – manifestation of Global North countries' obligations in relation to international assistance and cooperation, both in relation to human rights, climate and biodiversity action.

Indigenous Peoples continue their long-standing call for recognition and protection of their territories and associated rights in all climate and biodiversity action. In parallel, they stress the need for funding that is grounded in internationally protected rights, including their right to self-determination,¹¹⁴ and that supports their own priorities and solutions to the challenges they face, including when it comes to adapting to changes they already experience or responding to loss and damage.¹¹⁵ In support of this call, several state parties,¹¹⁶ civil society groups,¹¹⁷ and UN mechanisms¹¹⁸ have stated that direct and equitable access for Indigenous Peoples to finance is necessary for achieving international biodiversity and climate objectives and must be delivered through a culturally appropriate human-rights based approach.

112 For example, The International Covenant on Economic, Social and Cultural Rights (ICESR), Article 2.1, enshrines an obligation of states to "take steps, individually and through international assistance and co-operation, especially economic and technical, to the maximum of its available resources for the full realization of rights."

113 J.E. Fa et al. (2020). Importance of Indigenous Peoples' lands for the conservation of Intact Forest Landscapes. *Frontiers in Ecology and the Environment* 18(3), 135-140. <https://doi.org/10.1002/fee.2148>

114 Joint letter by the chairpersons of the United Nations Permanent Forum On Indigenous Issues, the Expert Mechanism On The Rights Of Indigenous Peoples and the sPecial Rapporteur On The Rights Of Indigenous Peoples [https://social.desa.un.org/sites/default/files/IPDB/Final%20JOINT%20LETTER%2026%20Feb%20\(003\).pdf](https://social.desa.un.org/sites/default/files/IPDB/Final%20JOINT%20LETTER%2026%20Feb%20(003).pdf); Principles & guidelines for direct access funding for indigenous peoples' climate action, biodiversity conservation and fighting desertification for a sustainable planet, <https://assets.takeshape.io/86ce9525-f5f2-4e97-81ba-54e8ce933da7/dev/01375808-c4d4-412c-80a5-8a516e835976/Indigenous%20peoples%20-%20principles%20%26%20guidelines%20for%20direct%20access%20funding.pdf>

115 International Indigenous Peoples Forum on Climate Change (2025). Submission on views regarding the the 'Baku to Belém Roadmap to 1.3T' https://unfccc.int/sites/default/files/resource/BB1.3T_IIPFCC.pdf

116 Submission by Chile on behalf of the AILAC group of countries composed by Chile, Colombia, Costa Rica, Guatemala, Honduras, Panama, and Peru https://unfccc.int/sites/default/files/resource/AILAC_B2BR.pdf

117 WWF Submission on the "Baku to Belém roadmap to 1.3T" (2025) https://unfccc.int/sites/default/files/resource/BB1.3T_WWF_Sept.pdf

118 See e.g. Foro Permanente para las Cuestiones Indígenas Informe sobre el 23er período de sesiones E/2024/43-E/C.19/2024/8 <https://docs.un.org/es/E/2024/43>; and UNSRIP Protected areas and indigenous peoples' rights: the obligations of States and international organizations, A/77/238, 19 July 2022, para 71. <https://docs.un.org/en/A/77/238>

Current Practice and Challenges

Despite the growing recognition of the need for just, equitable, accessible, and inclusive approaches, existing climate and biodiversity finance policies and mechanisms respond inconsistently. Under the CBD and the KMGBF there are efforts to promote and implement comprehensive, fair, timely, inclusive, simplified and equitable access to finance by Indigenous Peoples, including through the Cali Fund and the Resource Mobilization Strategy adopted at COP16.¹¹⁹ In the UNFCCC system, the New Collective Quantified Goal (NCQG) on climate finance adopted at COP29 in Baku, while not explicitly mandating equitable access for Indigenous Peoples, urges parties and other relevant actors to promote the inclusion and extension of benefits to Indigenous Peoples.

In practice, climate and biodiversity finance mechanisms continue to be largely inaccessible to Indigenous Peoples and unresponsive to their needs. It is estimated that between 2011 and 2020, compared to the amount of all climate-related ODA, only 0.13% went to projects that mention Indigenous organisations (which does not mean the funding was necessarily directly received by those organisations).¹²⁰ Existing mechanisms also continue to exclude Indigenous Peoples from decision-making. This exclusion applies across public, private sector and philanthropic finance mechanisms.

Furthermore, while there is a growing focus on market-based approaches as a way to mobilise finance for achieving climate and biodiversity goals, there is also growing critique that these mechanisms fail to deliver results for the environment. Such criticisms include high transaction costs, the volatile and speculative nature of these approaches, and that they often lead to (or entrench existing) human rights violations, particularly affecting Indigenous Peoples.¹²¹

119 Resource Mobilization Strategy (CBD decision 16/34).

120 RFN (2021) Donor funding for Indigenous Peoples and local communities to secure tenure rights and manage forests in tropical countries (2011–2020) https://dv719tqmsuwvb.cloudfront.net/documents/Publikasjoner/Andre-rapporter/RFN_Falling_short_2021.pdf

121 David Young. (2024). Beyond Offsets: People and Planet-Centred Responses to the Climate and Biodiversity Crisis, <https://www.forestpeoples.org/fileadmin/uploads/fpp/migration/documents/Beyond%20Offset%20-%20People%20and%20Planet-Centred%20Responses%20to%20the%20Climate%20and%20Biodiversity%20Crisis.pdf>

BOX 3: GENDER-RESPONSIVE CLIMATE AND BIODIVERSITY FINANCE: CLOSING THE ACCESS GAP FOR INDIGENOUS WOMEN AND GIRLS

Gender justice is a constitutive element of rights-based finance, not a parallel consideration. In this report, rights-based finance is understood as including the gender justice dimensions that ensure not only participation, but also recognition (of rights), redistribution (of power and resources), and representation — so that Indigenous women can access, govern, and direct climate and biodiversity finance according to their own priorities and knowledge systems.

The effectiveness of global climate and biodiversity finance depends on what — and whom — it values. Indigenous women hold critical knowledge of seed systems, soil fertility, and biodiversity management, sustaining local economies of care that prevent environmental collapse. When financing frameworks prioritise market mechanisms and large-scale financial intermediaries, they marginalise these care-based systems and reproduce gendered injustices. This exclusion is not only inequitable but also inconsistent with international commitments under UNDRIP, the Convention on the Elimination of all forms of Discrimination against Women (CEDAW), the CBD Gender Plan of Action (2022–2030), the Global Biodiversity Framework and the UNFCCC. Gender-responsive finance for Indigenous Peoples is therefore not a social add-on — it is a precondition for effectiveness in reaching climate and biodiversity goals.

In general, there is a lack of disaggregated data on how much international climate and biodiversity finance is channelled to Indigenous women and girls, however numbers on gender funding more generally show a stark reality. One study found that between 2016 and 2020, out of around USD 28.5 billion of grants that supported women and girls, only 1.4% reached organisations working with Indigenous women.¹²² These grants were typically small (USD 25,000–75,000) and short-term.

Making climate and biodiversity finance gender-responsive requires three interlocking shifts:

1. **Direct and accessible finance:** Expand direct grant and investment channels for Indigenous and women-led organisations, simplify procedures, and prioritise multi-year, flexible support that aligns with care-based and community timelines.
2. **Recognition of collective rights:** Funding should require evidence of secure collective tenure and strengthen legal recognition of women’s land and forest rights, rather than privileging private titles or offset projects.
3. **Redefining outcomes:** Move beyond narrow carbon or species metrics to value cultural continuity and intergenerational stewardship as legitimate outcomes deserving of public investment.

Embedding gender responsiveness into financial governance, disbursement, monitoring, and reporting—including bilateral, multilateral and philanthropic channels — is essential to ensuring justice and effectiveness. Evidence consistently shows that when Indigenous women have secure rights and direct access to finance, deforestation rates decline, ecosystem health improves, and community resilience increases. Gender-responsive finance is not charity — it is a condition for sustaining life.

¹²² https://rightsandresources.org/wp-content/uploads/GenderBrief_GlobalFundingWomen_v7.pdf

The below expands on the challenges faced by Indigenous Peoples in relation to access to funding, inclusion in decision-making and respect for their rights. It does so by looking in more detail at specific existing mechanisms and categories of funding streams in the public, private, and philanthropic sectors:

- **Multilateral funds:** Indigenous Peoples' access to multilateral funds is mostly indirect, with grants often channeled through and implemented by multilateral organisations and international NGOs.¹²³
 - The Green Climate Fund (GCF) is the largest multilateral climate fund. GCF has a stand-alone Indigenous Peoples' Policy and since 2022 has had an Indigenous Peoples' Advisory Group. While efforts to develop direct access channels for Indigenous Peoples are underway,¹²⁴ a 2025 independent evaluation found that GCF's business model is not directed to focus on supporting Indigenous Peoples and lacks any specific or dedicated arrangement that currently enables access for Indigenous Peoples.¹²⁵ The GCF observer network has emphasised that progress on direct access for Indigenous Peoples faces significant structural challenges.¹²⁶
 - A recent study found that funding of the Global Environment Facility (GEF) is often not aligned with Indigenous Peoples' priorities, as they have no power to propose projects or choose which intermediary or agency to work with. While the GEF's Small Grants Programme (SGP) provides easier application processes, streamlined reporting and budget flexibility, its USD 50,000 funding ceiling has been found to be insufficient to meet the costs for logistics and capacity-building, particularly for projects in remote areas.¹²⁷
 - The Global Biodiversity Framework Fund (GBFF) is a dedicated trust fund hosted under GEF to support implementation of the KMGBF. It has established an *aspirational* target of directing 20% of its funding to conservation action by Indigenous Peoples and by local communities. Nonetheless, initial funding has been allocated to large international intermediaries like World Wildlife Fund (WWF) and Conservation International (CI) – whose expertise and focus is environmental protection and not Indigenous Peoples' rights – rather than to Indigenous Peoples' organisations.¹²⁸
 - The Adaptation Fund (AF) has recently adopted a Locally Led Adaptation (LLA) funding window, which, although is not specific to Indigenous Peoples, seeks to enhance locally-led adaptation and improve access to financing for locally driven solutions.¹²⁹ As of August 2025, there is no Indigenous Peoples organisation accredited by the AF to receive funds, meaning Indigenous Peoples can currently only benefit indirectly through accredited intermediaries.

123 Rights and Resources and Rainforest Foundation Norway (2022). Funding with Purpose: a study to inform donor support for indigenous and local community rights, climate, and conservation. https://rightsandresources.org/wp-content/uploads/FundingWithPurpose_v7_compressed.pdf and RFN and RRI (2025). State of Funding for Tenure Rights https://rightsandresources.org/wp-content/uploads/2025-State-of-Funding_v5.pdf

124 IWGIA (2025). The Green Climate Fund and Fund for Responding to Loss and Damage. <https://iwgia.org/en/the-green-climate-fund-gcf/5693-iw-2025-gcf-frld.html>

125 Independent Evaluation Unit (2025). Independent Evaluation of the Green Climate Fund's Approach to Indigenous Peoples. Evaluation report No. 22 (January). Songdo, South Korea: Independent Evaluation Unit, Green Climate Fund. https://ieu.greenclimate.fund/sites/default/files/document/250221-ips-final-report-top-web_0.pdf

126 GCF Watch letter (2024). https://www.gcfwatch.org/wp-content/uploads/2024/07/Letter-to-the-Board_Partnerships-and-Access-Strategy_Observer-Network-of-civil-society-Indigenous-Peoples-and-local-communities.pdf

127 IIED (2025) Limited GEF finance for nature reaching the local level. <https://www.iied.org/sites/default/files/pdfs/2025-05/22637iied.pdf>

128 Independent Evaluation Office, Global Environment Facility (2025). Formative Evaluation of the Global Biodiversity Framework Fund (GBFF) Approach Paper. <https://www.gefio.org/sites/default/files/documents/gbff-formative-review-2025-approach-paper.pdf>

129 Adaptation Fund Board (2025) Operational Policy of the Regional Funding Window for Locally-led Adaptation https://www.adaptation-fund.org/wp-content/uploads/2025/04/PPRC.35.9-Options-for-Regional-LLA-Window_Rev1.pdf

- **Bilateral funding mechanisms:** Bilateral donors provided 58% of all the funding reported for Indigenous Peoples, Afro-Descendant Peoples' and local communities' tenure rights in 2024.¹³⁰ A few bilateral donors, such as NICFI (Norway)¹³¹ and IKI (Germany)¹³² have released calls for proposals that give priority to projects that seek to support the rights and livelihoods of Indigenous Peoples, among other groups. Nonetheless, bilateral funding remains largely inaccessible for Indigenous Peoples' organisations in a direct way, as these donors often have rigid rules and eligibility requirements that hinder access.¹³³
- **Public-philanthropy partnerships:** The 2021-2025 Forest Tenure Pledge, which includes public and philanthropic funding, has primarily been channeled through intermediaries. The donors have reported that 2.1 % (in 2021) and 7.6% (in 2024) of the funding distributed as part of that pledge is reaching 'Indigenous Peoples and local communities' directly. This encompasses funding that has been transferred directly from donors to 1) representative institutions of Indigenous Peoples, 2) institutions or funding mechanisms established by Indigenous Peoples to realise their rights, and 3) fiscal sponsors or institutions Indigenous Peoples have selected to receive funds on their behalf.¹³⁴ The change between 2021 and 2024 represents an increase, but Indigenous Peoples have called for greater ambition and a follow-up pledge (often referred to as Pledge 2.0) to allocate a bigger proportion directly to Indigenous Peoples.¹³⁵
- **Philanthropic funding:** Philanthropic funders generally have more flexible requirements than public funding institutions. Yet, generally, philanthropy is non-inclusive of Indigenous Peoples. Estimates suggest that just 0.6% of philanthropy is reported to be "benefitting Indigenous Peoples," out of which 88.7 % went to Indigenous Peoples in North America. According to International Funders for Indigenous Peoples (IFIP), Indigenous Peoples "have been systemically and historically excluded from and underrepresented in every sector, including philanthropy."¹³⁶
- **Voluntary carbon markets (VCM):** While certification standards set up to produce carbon credits from REDD+ and other activities¹³⁷ do not usually have as an explicit goal to transfer finance to Indigenous Peoples,¹³⁸ some do contain reference to benefit-sharing, which may include sharing of financial revenue. That said, the language of such standards generally lack detail as well as strict requirements to ensure benefit-sharing with Indigenous Peoples is founded upon a recognition of their rights to lands and resources – and by extension their rights to carbon stored in those lands and resources – and that for a benefit-sharing plan to be appropriate, it must be developed as a part of the FPIC process.¹³⁹ For example, The REDD+ Environmental Excellence Standard (TREES) overseen by the Architecture for REDD+ Transactions

130 Rights and Resources and Rainforest Foundation Norway (2025). State of Funding for Tenure Rights DONOR FUNDING FOR INDIGENOUS PEOPLES, LOCAL COMMUNITIES, AND AFRO-DESCENDANT PEOPLES (2011–2024). https://rightsandresources.org/wp-content/uploads/2025-State-of-Funding_v5.pdf

131 Norad, Norway's International Climate and Forest Initiative (NICFI) Civil Society - Stage 2 (2025) <https://www.norad.no/en/for-partners/guides-and-tools/calls-for-proposals2/norways-international-climate-and-forest-initiative-nicfi-civil-society/>

132 IKI Small Grants International Calls Funding Information (2025) https://iki-small-grants.de/wp-content/uploads/2024/11/Funding-Information_IKISmallGrants_6thCall.pdf

133 Rights and Resources and Rainforest Foundation Norway (2022). Funding with Purpose: a study to inform donor support for indigenous and local community rights, climate, and conservation. https://rightsandresources.org/wp-content/uploads/FundingWithPurpose_v7_compressed.pdf

134 Forest Tenure Funders Group (2025). Indigenous Peoples and Local Communities Forest Tenure Pledge: Annual Report 2024-2025 <https://www.tenurepledge.org/ftfg-annual-report-2024.pdf>

135 The International Indigenous Peoples Forum on Climate Change (IIPFCC) has called for the Forest Tenure Funders Group and its Pledge 2.0 to assign a minimum percentage of 25% to be allocated directly to Indigenous Peoples. See intervention by IIPFCC during the COP30 Presidency consultation on the Baku Belem Roadmap at SBI-62 in Bonn, Germany (June 2025):. See <https://www.sirgecoalition.org/news-and-articles/reporting-from-sb62-the-baku-to-belm-roadmap-to-13-trillion>; Similarly, the Brazzaville Declaration has called for 40% direct funding a 40% direct funding target to 'IPs and LCs organizations and funds'. See https://rightsandresources.org/wp-content/uploads/EN_Brazzaville-Declaration.pdf

136 International Funders for Indigenous Peoples (2024). Funding trend analysis on Indigenous Peoples philanthropy. Archipel Research & Consulting, Inc. <https://static1.squarespace.com/static/5f4f381abb766f5d175dcb00/t/6695def6af61f40a2afc7f85/1721098015125/IFIP+report+2024.pdf>

137 Activities that avoid carbon from entering into, or reducing and removing it from, the atmosphere.

138 Exceptions exist, such as the Climate Justice Standard, which seeks to set a new precedent for community-developed and community-led carbon projects, see <https://cjstandard.com/about-us/>

139 Considerations of the form, delivery channels, and—where financial—amounts of any expected benefits must be part of the Indigenous Peoples' deliberation on whether to give or withhold their consent to a carbon credit project or program. If FPIC is given it should be based on the agreements made about distributions of benefits.

(ART) – one of the carbon standards promoted by states such as the UK as particularly ‘high integrity’ – has to date (July 2025) not mandated mutually agreed benefit-sharing arrangements with Indigenous Peoples.¹⁴⁰ Consequently the first, and so far only, certification of carbon credits based on TREES was challenged by Indigenous Peoples in Guyana. Although, Indigenous communities in Guyana ultimately receive 15% of the revenues from the sale of carbon credits,¹⁴¹ a major Indigenous organisation in the country filed a complaint with ART in 2023, in which one of the main issues raised was the failure to ensure effective participation and consult Indigenous Peoples in good faith in the development of the benefit sharing arrangement.¹⁴² The first TREES concept note co-developed by a government and Indigenous organisations was developed in Peru and was submitted to ART in 2024. It remains to be seen whether it will address these issues and result in fair and equitable benefit-sharing arrangements based on FPIC.¹⁴³

While the focus on implementing REDD+ on the *jurisdictional* (state and sub-state) level has significantly increased in the past few years, up to this point, REDD+ has mostly been implemented as *projects* funded through the voluntary carbon market. Research has found that not only have Indigenous Peoples received little financial benefits from such projects, but these projects have also frequently brought extra hardship to Indigenous Peoples, inter alia, through dispossession and destruction of livelihoods.¹⁴⁴

“To meet climate goals quickly and on the scale we need, the path must be directed where action happens every day, which is in Indigenous territories. There, we keep the forest standing, the water clean, and life protected. In Latin America, we govern hundreds of millions of hectares, with almost half of the Amazon’s intact forests on our lands. Even so, less than 1% of funding reaches our organizations. I advocate for a structural change in climate finance, with direct, predictable, and long-term access, strengthening our own teams, governance, and systems. I also consider simple, proportional, and intercultural rules and reporting to be essential, based on trust and respect for our ways of doing things, in order to expand what already works. The answer lies in a paradigm shift in this financing architecture.”

(Josimara Baré, Fundo Indígena Rutí)

140 See comments on TREES V2 from Indigenous Peoples organisations in February 2025: <https://rainforestfoundation.org/wp-content/uploads/TREES-Standard-Review-Technical-Input.pdf>. TREES is currently under revision and a draft of TREES V3 has slightly updated and strengthened provisions, however a follow-up letter makes recommendations for further improvements to the language around benefit-sharing: <https://rainforestfoundation.org/a-call-for-strengthened-rights-protections-in-the-redd-carbon-market-standard-trees/>

141 In 2024 it was reported that the percentage is 26.5, but in absolute terms the amount is the same, since national carbon revenue decreased.

142 Amerindian Peoples Association, Forest Peoples Programme, and Rainforest Foundation US (2024). ART’s Controversial Certification of Carbon Credits to the Government of Guyana: A Case Study on Challenges for “High-Integrity” Labels in Carbon Markets. <https://www.forestpeoples.org/fileadmin/uploads/fpp/migration/documents/Arts%20Controversial%20Certification%20of%20Carbon%20Credits%20to%20the%20Government%20of%20Guyana%20-%20A%20Case%20Study%20on%20Challenges%20for%20High%20Integrity%20Labels%20in%20Carbon%20Markets.pdf>

143 ART Publishes TREES Concept for Peru’s Indigenous Jurisdictional REDD+ Program on the ART Registry (2024) <https://www.artredd.org/art-publishes-trees-concept-for-perus-indigenous-jurisdictional-redd-program-on-the-art-registry/>

144 Osborne, T., Cifuentes, S., Dev, L. *et al.* (2024) Climate justice, forests, and Indigenous Peoples: toward an alternative to REDD+ for the Amazon. *Climatic Change* 177, 128 <https://link.springer.com/article/10.1007/s10584-024-03774-7>; Forest Trends’ Communities and Territorial Governance Initiative. 2025. State of Climate and Conservation Finance for Indigenous Peoples & Local Communities Report. Washington DC: Forest Trends Association <https://www.forest-trends.org/publications/state-of-climate-and-conservation-finance-for-indigenous-peoples-local-communities-report/>; and Haya, B. K., Alford-Jones, K., Anderegg, W. R. L., Beymer-Farris, B., Blanchard, L., Bomfim, B., Chin, D., Evans, S., Hogan, M., Holm, J. A., McAfee, K., So, I. S., West, T. A. P., & Withey, L. (2023, September 15). Quality assessment of REDD+ carbon credit projects. Berkeley Carbon Trading Project, <https://carbonmarketwatch.org/wp-content/uploads/2023/09/Quality-Assessment-of-REDD-Carbon-Crediting-1.pdf>

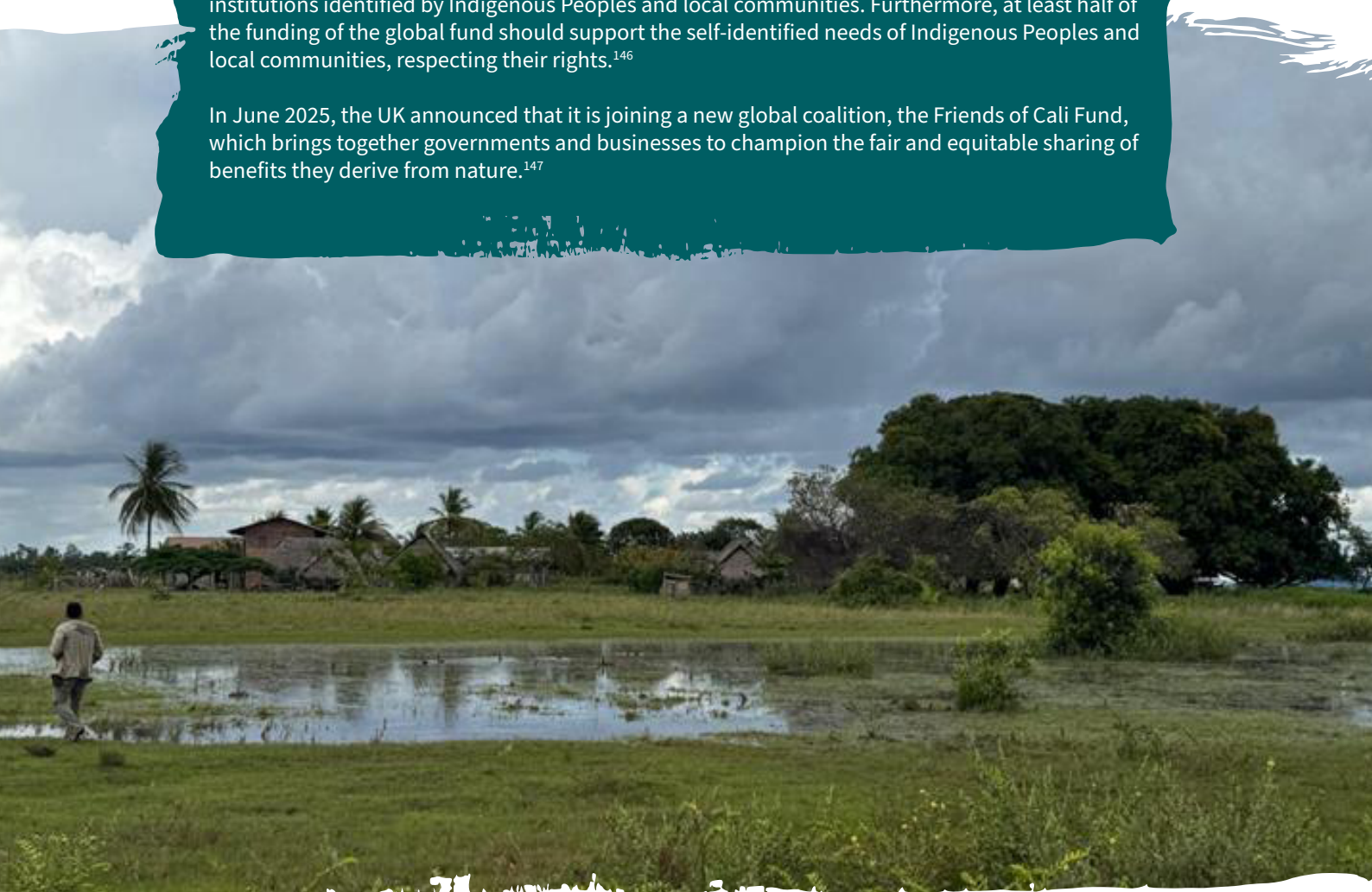
BOX 4. THE CALI FUND: A PROMISING MODEL?

The Cali Fund, adopted at the CBD COP16 is an example of how private sector resources can be channeled directly to Indigenous Peoples, without relying on market mechanisms or tradable market instruments.

The Cali Fund for the Fair and Equitable Sharing of Benefits from the Use of Digital Sequence Information on Genetic Resources, seeks to operationalise the fair and equitable sharing of benefits from the use of digital sequence information on genetic resources.¹⁴⁵

Users of digital sequence information on genetic resources in sectors that directly or indirectly benefit from its use in their commercial activities are expected to contribute a proportion of their profits or revenue to the global fund through government authorities or by direct payments through institutions identified by Indigenous Peoples and local communities. Furthermore, at least half of the funding of the global fund should support the self-identified needs of Indigenous Peoples and local communities, respecting their rights.¹⁴⁶

In June 2025, the UK announced that it is joining a new global coalition, the Friends of Cali Fund, which brings together governments and businesses to champion the fair and equitable sharing of benefits they derive from nature.¹⁴⁷



Wapichan man hunting in Shulinab Village, Region 9, Guyana. Credit: Oda Almås Smith (2025)

145 There is no universally agreed definition of genetic sequence information, but in the context of the CDB it is used to refer to digital information from an organism's genetic data, such as DNA and RNA sequences.

146 CBD/COP/DEC/16/2

147 UK government gathers business and environment leaders in support of UN nature agreement (2025) <https://www.gov.uk/government/news/uk-government-gathers-business-and-environment-leaders-in-support-of-un-nature-agreement>

Solutions proposed by Indigenous Peoples

Indigenous Peoples have called for dedicated arrangements and funding windows designed in collaboration with and directly accessible to them.¹⁴⁸ Such dedicated arrangements could be created across multilateral, bilateral and philanthropic finance mechanisms. Flexible and long-term funding, as opposed to short-term project-based funding, has also been identified as a key priority by Indigenous Peoples.¹⁴⁹

At the same time, Indigenous Peoples' organisations are increasingly taking proactive action by creating their own financial mechanisms (see Box 5) to receive and distribute finance for the self-determined projects, strategies and priorities of Indigenous Peoples and communities.¹⁵⁰ These have encouraging potential to scale up support for self-government and community-led mitigation, adaptation, and conservation. However, they do not exist in all regions and countries. It would therefore be advisable for these to be considered complementary to, and not a substitute for, direct funding to Indigenous Peoples and their organisations through multilateral, bilateral and philanthropic mechanisms.¹⁵¹

Indigenous Peoples' representatives have also stressed that there could be contexts in which their grassroots organisations would prefer that funding is managed by a trusted partner or fiscal sponsor. This would only be appropriate if the people or community is actively choosing this model as well as the partner they want to work with.¹⁵² Two key priorities must remain that the funding is aligned with their priorities rather than driven by the interest-areas of the donor or chosen partner and that the rightsholders have control over the use of the funds.¹⁵³ Such a model could, for example, be a choice of peoples or communities in situations where they do not have the financial management systems (including a bank account) in place to receive the funding or if they do not have a legally constituted entity in the form required under national law to directly receive funds. Indigenous organisations have also stressed that, whether direct or coming through a trusted partner, there is additional enabling support that they often welcome from allies in order to maximise the impact of that funding. Such support could be legal, technical and logistical and is often most effective if underpinned by a deep-rooted, long-standing, trusting and transparent relationship.¹⁵⁴

“Direct funding for Indigenous Peoples involves much more than simply allocating economic resources. It means full recognition of our collective rights, strengthening the voice of Indigenous Peoples in decision-making spaces relating to the stewardship and management of territories, and the possibility of actively contributing to the physical, cultural and spiritual survival of our Peoples.”

(Ginny Alba, National Organisation of the Indigenous Peoples of the Colombian Amazon)

148 IIPFCC Opening Statement at COP29. <https://www.iipfcc.org/blog/2024/11/12/international-indigenous-peoples-forum-on-climate-change-cop-29-opening-statement>

149 Rights and Resources and Rainforest Foundation Norway (2022). Funding with Purpose: a study to inform donor support for indigenous and local community rights, climate, and conservation. https://rightsandresources.org/wp-content/uploads/FundingWithPurpose_v7_compressed.pdf

150 UN (2024) *Financing the future: the financial needs of Indigenous Peoples to support their actions for biodiversity, climate and the protection of Mother Earth*. Note by the Secretariat. Permanent Forum on Indigenous Issues, twenty-third session, New York, 15–26 April 2024. <https://social.desa.un.org/sites/default/files/n2402291EN.pdf>.

151 For example, Indigenous Amazonian organisations have called for the funding for Indigenous Peoples, their organisations, and their own funds. See *Posición de los Pueblos Indígenas de la Amazonía frente a la V Cumbre Presidencial de la OTCA*. https://cambioclimatico.org.bo/wp-content/uploads/2025/08/ESP_Posicion-de-los-Pueblos-Indigenas-de-la-Amazonia-frente-a-la-Cumbre-Presidencial-de-la-OTCA-2.pdf

152 Joint letter by the chairpersons of the United Nations Permanent Forum on Indigenous Issues, the Expert Mechanism on the Rights of Indigenous Peoples and the Special Rapporteur on the Rights of Indigenous Peoples <https://social.desa.un.org/sites/default/files/IPDB/Final%20JOINT%20LETTER%2026%20Feb%20%28003%29.pdf>; IPFCC Position on Climate Finance at COP29.

153 Principles & guidelines for direct access funding for indigenous peoples' climate action, biodiversity conservation and fighting desertification for a sustainable planet <https://assets.takeshape.io/86ce9525-f5f2-4e97-81ba-54e8ce933da7/dev/01375808-c4d4-412c-80a5-8a516e835976/Indigenous%20peoples%20-%20principles%20%26%20guidelines%20for%20direct%20access%20funding.pdf>

154 Valuing Allyship: The case for pairing direct and unrestricted funding with solidarity-based allyship for grassroots Indigenous Peoples and forest peoples (2025) https://www.forestpeoples.org/fileadmin/uploads/fpp/Photos/Reports_PDFs/2025_Valuing_Allyship/Valuing_Allyship.pdf

BOX 5. INDIGENOUS-LED FUNDS

As a response to territorial funding needs, Indigenous Peoples are increasingly developing their own funding mechanisms. Examples include the Indigenous Peoples of Asia Solidarity Fund (IPAS), Nusantara Fund, Pawanka Fund, Fondo Jaguatá, Fondo Timbira, Fondo Maracá, Fondo Pakará, Fondo Suruí, Fondo Podaali, Fondo Indígena Rutî, Fondo Indígena del Río Negro, and Fondo INDII.

In light of the existing imperative for direct, rights-based, equitable funding for Indigenous Peoples, the current practices and challenges, and the solutions proposed by Indigenous Peoples, the next section examines the UK's approach to funding Indigenous Peoples. It looks at the UK's overall strategic approach, as well as the specific funding channels and financial instruments through which the UK delivers its funding.



Women coming from all over Embobut to what they consider a secluded and safe place to discuss the land rights struggle and how to resist forceful evictions, Marichor glade, Embobut, Kenya. Credit Elias Kimaiyo

The case of the UK

The UK's strategic approach

As mentioned in Part 1, the UK's strategic approach to climate and biodiversity finance is articulated through the International Climate Finance (ICF) strategy, which outlines financing measures both for climate and biodiversity action.¹⁵⁵

The ICF contributions are delivered through multiple government departments, including but not limited to the Department for Environment, Food & Rural Affairs (DEFRA), the Department for Energy Security and Net Zero (DESNZ), and the Foreign, Commonwealth and Development Office (FCDO). The funding is channeled through both multilateral and bilateral funding mechanisms. Table 3 shows some of the relevant UK commitments to key multilateral funds, while Table 4 shows some of its key commitments to bilateral or multistakeholder initiatives.

The ICF has several references to 'indigenous communities', including in relation to meaningful engagement, securing land rights, and building resilience to climate change. However, the ICF often refers to these 'indigenous communities' as marginalised 'groups', but never refers to them as Indigenous *Peoples* with distinct collective rights, territories and governance systems. This is highly significant as under international human rights law, the reference to peoples implies recognition of the collective right to self-determination. Likewise, the ICF does not provide details on the UK's approach to protecting and respecting the distinct, collective rights of Indigenous Peoples in its climate and biodiversity finance approach.¹⁵⁶ It is important to note that this is particularly concerning given it is consistent with a position that the UK has repeatedly held in international processes, such in the context of the adoption of UNDRIP, that it does not recognise collective rights under international law.¹⁵⁷

Furthermore, the 2024 ICF Results report lacks indicators on Indigenous Peoples, which limits transparency on the UK's approach to Indigenous Peoples beyond general statements in the ICF strategy. The lack of clear references to Indigenous Peoples is also persistent in other key climate and biodiversity documents, including the UK's Nationally Determined Contributions (NDC)¹⁵⁸ and the National Biodiversity Action Plan (NBSAP).¹⁵⁹

In May 2025, the UK published a Guidance Note aimed at integrating gender equality, disability and social inclusion into all ICF programming. This note states that its ambition is to support "a more inclusive and locally-led approach to development" that "delivers positive outcomes women and girls, Indigenous Peoples and local communities (IPLCs)"¹⁶⁰ and other marginalised groups impacted by climate change and biodiversity loss.¹⁶¹

155 UK Government (2025) Guidance, International Climate Finance. <https://www.gov.uk/guidance/international-climate-finance>

156 HM Government (2023). Together for People and Planet UK International Climate Finance Strategy <https://assets.publishing.service.gov.uk/media/6482f5aa5f7bb7000c7fa775/tfpp-uk-international-climate-finance-strategy-2023.pdf>

157 See for example [Written questions and answers - Written questions, answers and statements - UK Parliament](#): "the UK fully recognises that individuals belonging to indigenous communities are entitled to the full protection of their human rights and fundamental freedoms in international law. The UK supports the provisions in the Declaration on Rights of Indigenous Peoples (UNDRIP) that underline this".

158 UK Government (2025). United Kingdom of Great Britain and Northern Ireland's 2035 Nationally Determined Contribution <https://assets.publishing.service.gov.uk/media/679b5ee8413ef177de146c1e/uk-2035-nationally-determined-contribution.pdf>

159 UK Government (2025) UK national biodiversity strategy and action plan. <https://www.gov.uk/government/publications/uk-national-biodiversity-strategy-and-action-plan>

160 It should be noted that the Guidance Note uses the abbreviation 'IPLCs' multiple times, whereas one of the priorities expressed by the International Indigenous Forum on Climate Change (IIPFCC) is for such conflation of Indigenous Peoples with other groups, including 'local communities' to be eliminated. See https://unfccc.int/sites/default/files/resource/BB1.3T_IIPFCC.pdf

161 UK Government, UK International Climate Finance Guidance Note for Delivery Partners: Integration of Gender Equality, Disability and Social. https://assets.publishing.service.gov.uk/media/6826f9b3c3d769b1824e6471/International-Climate_Finance-ICF-gender-equality-disability-and-social-inclusion-guidance.pdf

While the Guidance Note recognises that “secure governance rights” of Indigenous Peoples is linked to positive climate and nature outcomes and states that delivery partners of the UK international climate finance must comply with the UK’s legal obligations and international commitments, it does not have any clear, binding operational requirements specific to Indigenous Peoples. Rather, mention of the importance of respect for rights to lands, FPIC and traditional knowledge, including a reference to UNDRIP, only appears in an annex on ‘good practices’. Furthermore, while the Guidance Note includes some indicators on Indigenous Peoples, all indicators are framed as ‘example’ indicators, which seems to suggest that their use is discretionary.¹⁶²

In terms of gender justice, the Guidance Note marks a step toward embedding gender and inclusion across climate finance while calling for programmes to be *GEDSI-transformative*.¹⁶³ However, its approach remains procedurally oriented rather than structurally transformative, focusing on participation and safeguards rather than ensuring Indigenous and local women’s direct access to finance, governance roles, or decision-making power. Strengthening these aspects — by embedding rights-based and care-centered approaches and ensuring direct, adequate and flexible funding for Indigenous women — would bring the ICF in closer alignment with the CBD Gender Plan of Action (2022–2030) and the UNFCCC Gender Action Plan.

Initiatives and funding with a focus on Indigenous Peoples

While the ICF, the NDC and the NBSAP fail to adequately and clearly incorporate Indigenous Peoples as rightsholders and key actors in efforts to address climate and biodiversity crises, the UK has supported a number of specific initiatives that seek to support Indigenous Peoples, among other objectives. That said, there is a lack of clear public information on how many programmes and how much funding, under the ICF and beyond, benefit or are intended to benefit Indigenous Peoples.¹⁶⁴

The UK’s perhaps most significant commitment related to Indigenous Peoples is the Forest Tenure Pledge, to which the country pledged to contribute over 10% (of an overall USD 1.7 billion) at COP26 in 2021. This translated to a commitment to contribute at least £163 million for ‘Indigenous Peoples and local communities’ land tenure rights between 2021 and 2025.¹⁶⁵

Separately, the UK co-launched the Forest and Climate Leaders’ Partnership (FCLP) with other states at COP27. The UK Department for Energy Security and Net Zero is supporting the secretariat of the FCLP through a £6 million programme budget.¹⁶⁶ The FCLP includes a ‘Platform to Support Indigenous Peoples and Local Communities in Forest and Climate Action’, which among other priorities, seeks to advance dialogue with Indigenous Peoples and redirect or increase finance flows towards more positive outcomes for Indigenous Peoples and local communities.¹⁶⁷ This is positive, however, neither the *FCLP Strategic Plan* nor the *Platform Work Plan* disclose clear criteria for how Indigenous Peoples’ full and effective participation and representation from diverse regions is ensured.

162 UK Government, UK International Climate Finance Guidance Note for Delivery Partners: Integration of Gender Equality, Disability and Social Inclusion https://assets.publishing.service.gov.uk/media/6826f9b3c3d769b1824e6471/International-Climate_Finance-ICF-gender-equality-disability-and-social-inclusion-guidance.pdf

163 GEDSI stands for gender equality, disability and social inclusion.

164 One concrete step towards increasing transparency could be to include a tag in UK’s ‘Devtracker’ to indicate what ICF and other funding includes as a goal to contribute to the protection of the rights of Indigenous Peoples.

165 UK Government (2024). Indigenous Peoples and protecting forests: Foreign Secretary’s speech at COP29 <https://www.gov.uk/government/speeches/foreign-secretarys-speech-on-indigenous-peoples-and-protecting-forests>; UK Parliament, Development Aid: Forests and Indigenous Peoples, Question for Foreign, Commonwealth and Development Office (2025) <https://questions-statements.parliament.uk/written-questions/detail/2025-07-15/68327>

166 UK Government (2025) Forest and Climate Leaders Partnership (FCLP) <https://devtracker.fcdo.gov.uk/programme/GB-GOV-25-ICF-0047-FCLP/summary>

167 Platform to Support Indigenous Peoples and Local Communities in Forest and Climate Action (2024) WORK PLAN 2024-2025 https://forestclimateleaders.org/wp-content/uploads/2025/01/IPLC-Platform-Work-Plan-24_09_09.pdf

As part of FCLP, the UK has also co-developed and launched (in 2025) the *Unlocking Forest Finance: A Roadmap for Action*, alongside 34 other governments.¹⁶⁸ Beyond mentioning the importance of securing the rights and livelihoods of Indigenous Peoples and highlighting how existing initiatives seek to support Indigenous Peoples, the Roadmap lacks concrete measures to promote and operationalise equitable, rights-based access to climate and biodiversity finance for Indigenous Peoples.¹⁶⁹

In relation to multilateral funds, the UK's largest contribution is to the GCF (see Table 3). Since civil society and Indigenous Peoples continue to highlight remaining serious structural and logistical obstacles for Indigenous Peoples' access to funding through GCF, it is unlikely that much of these UK contributions reaches Indigenous Peoples.¹⁷⁰ For UK climate and biodiversity finance contributions channeled via bilateral mechanism, such as the Amazon Catalyst for Forest Communities (AMCAT) and the Global Biodiverse Landscapes Fund (BLF), there is no clear public information on the share of funds that would be directed to Indigenous Peoples or initiatives led by Indigenous Peoples. Neither the ICF Strategy, the 2024 ICF Results report, nor the UK biennial transparency report to the UN Framework Convention on Climate Change 2024 contain such information.¹⁷¹

Finally, UK's investments in REDD+ programmes and the architecture of international carbon and biodiversity markets (as listed in Table 2 in Part 1), are unlikely to have been associated with transfer of finance to Indigenous Peoples to date. As noted above, such mechanisms are not generally set up for this purpose. In addition, one of the REDD+ market mechanisms the UK has pledged to invest most in, the LEAF Coalition, has not yet produced any sale of carbon credits.¹⁷² Since LEAF was set up ensure future demand specifically for ART TREES credits, the extent to which improvements to TREES are in line with the detailed recommendations made by Indigenous Peoples¹⁷³ will determine how UK's investments in LEAF can be considered to ensure fair and equitable distribution of carbon finance to Indigenous Peoples.

168 The Forest and Climate Leaders Partnership (2025). *Unlocking Forest Finance. A Roadmap for Action* https://forestclimateleaders.org/wp-content/uploads/2025/09/Unlocking-Forest-Finance_Roadmap_FINAL-1.pdf

169 34 governments launch six-point plan to help close forest finance gap (2025) <https://content.unops.org/documents/libraries/press-releases/2025/en/Press-release-FCLP-34-governments-launch-six-point-plan-to-help-close-forest-finance-gap.pdf>

170 Intervention delivered on behalf of the observer network of CSO, local communities and Indigenous Peoples on on the GCF funding proposal FP284: *Amazonia Viva Program* (World Bank). October 2025.

171 UK biennial transparency report to the UN Framework Convention on Climate Change 2024 (2024) <https://www.gov.uk/government/publications/uk-biennial-transparency-report-to-the-un-framework-convention-on-climate-change-2024>

172 Donor-funded forest carbon trading scheme for multinational giants has not yet produced a single sale (2025) <https://developmenttoday.com/archive/2025/dt-6--2025/donor-funded-forest-carbon-trading-scheme-for-multinational-giants-has-not-yet-produced-a-single-sale>

173 See comments on TREES V2 and V3 by Indigenous Peoples organisations in February and October 2025: <https://rainforestfoundation.org/wp-content/uploads/TREES-Standard-Review-Technical-Input.pdf>. <https://rainforestfoundation.org/a-call-for-strengthened-rights-protections-in-the-redd-carbon-market-standard-trees/>

Table 3. Examples of recent UK commitments to key multilateral funding mechanisms

Fund	Period	Contribution
Green Climate Fund (GCF)	2020–2023	£1.44 billion ¹⁷⁴
Green Climate Fund (GCF)	2024–2027	£1.62 billion ¹⁷⁵
Global Environment Facility (GEF)	2018–2022	£ 250 million ¹⁷⁶
Global Environment Facility (GEF)	2022–2026	£ 330 million ¹⁷⁷
Fund for Responding to Loss & Damage (FRLD)	Pledge as of April 2025	£40 million ¹⁷⁸
Adaptation Fund	2012	£ 16 million ¹⁷⁹
Adaptation Fund	2022	£ 17 million ¹⁸⁰
Global Biodiversity Framework Fund (GBFF)	Pledge as of October 2024	£45 million ¹⁸¹

Note. The table refers to a selection of multilateral mechanisms and funds. This does not necessarily mean that all existing commitments are included, nor that those pledges have been realised or disbursed.

174 UK pledges record \$2 billion climate action funding for GCF at G20 (2023) <https://www.greenclimate.fund/news/uk-pledges-record-2-billion-climate-action-funding-gcf-g20>

175 UK pledges record \$2 billion climate action funding for GCF at G20 (2023) <https://www.greenclimate.fund/news/uk-pledges-record-2-billion-climate-action-funding-gcf-g20>

176 MPs scrutinise UK aid through Global Environment Facility (2022) <https://committees.parliament.uk/committee/52/environment-food-and-rural-affairs-committee/news/171360/mps-scrutinise-uk-aid-through-global-environment-facility/>

177 HM Government (2022). United Kingdom Biennial Finance Communication to the United Nations Framework Convention on Climate Change <https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202212201128---22-12-16%202022%20UK%20Biennial%20Finance%20Communication.pdf>

178 <https://unfccc.int/event/pledges-to-the-fund-for-responding-to-loss-and-damage>

179 United Kingdom Contributions to the Adaptation Fund 2012–2022 <https://www.adaptation-fund.org/about/resource-mobilization/contributors/united-kingdom/>

180 United Kingdom Contributions to the Adaptation Fund 2012–2022 <https://www.adaptation-fund.org/about/resource-mobilization/contributors/united-kingdom/>

181 [https://www.thegef.org/newsroom/news/joint-statement-donors-pledge-163-million-and-confirmation-support-global#:~:text=The%20United%20Kingdom%20is%20contributing%20%C2%A345%20million,USD\)%20of%20new%20support%20to%20the%20GBFF.](https://www.thegef.org/newsroom/news/joint-statement-donors-pledge-163-million-and-confirmation-support-global#:~:text=The%20United%20Kingdom%20is%20contributing%20%C2%A345%20million,USD)%20of%20new%20support%20to%20the%20GBFF.)

Table 4. Examples of UK commitments via bilateral and intergovernmental initiatives

Initiative	Focus	Commitment
Forest Tenure Funders Group (FTFG) Pledge	An initiative by government and philanthropic donors to help Indigenous Peoples and local communities secure their land and forest tenure rights.	£163 million ¹⁸²
Amazon Catalyst for Forest Communities (AMCAT)	Seeks to strengthen the forest governance and forest tenure security of Indigenous People and local communities across the Amazon Basin.	£94 million ¹⁸³
Global Biodiverse Landscapes Fund (BLF)	Aims to reduce poverty, protect and restore biodiversity and lessen the impact of climate change in six environmentally critical landscapes across the globe, including but not limited to the Western Congo Basin, Andes Amazon, and Lower Mekong.	£100 million ¹⁸⁴
Legacy Landscapes Fund	A non-profit foundation aiming to source significant public and private funding to finance a diverse portfolio of 30+ outstanding protected areas by 2030.	£20 million ¹⁸⁵
Amazon Fund	Commitment to Brazil's Amazon Fund which is a REDD+ finance mechanism aimed at combating deforestation.	~£ 115 million ¹⁸⁶¹⁸⁷
Investments in Forests and Sustainable Land Use	Supports sustainable land-use initiatives that reduce deforestation and forest degradation, helping to create enabling conditions for REDD+ implementation	£120 million (Phase 1, 2015–2023) £500 Phase 2 (2024–2033) ¹⁸⁸

Note. The table refers to a selection of public commitments and pledges. This does not necessarily mean that all existing pledges have been included, nor that those pledges have been realised or disbursed.

- 182 Indigenous Peoples and protecting forests: Foreign Secretary's speech at COP29 (2024) <https://www.gov.uk/government/speeches/foreign-secretarys-speech-on-indigenous-peoples-and-protecting-forests>; UK Parliament, Development Aid: Forests and Indigenous Peoples. Question for Foreign, Commonwealth and Development Office <https://questions-statements.parliament.uk/written-questions/detail/2025-07-15/68327>
- 183 The Amazon Catalyst for Forest Communities (AMCAT) <https://devtracker.fcdo.gov.uk/programme/GB-GOV-1-400042/summary>
- 184 UK Government, Department for Environment, Food & Rural Affairs (2024). Biodiverse Landscapes Fund: policy information <https://www.gov.uk/government/publications/biodiverse-landscapes-fund/biodiverse-landscapes-fund-policy-information>
- 185 Legacy Landscapes Fund (2025) We are thrilled to announce that the UK Government's Department for Environment, Food and Rural Affairs (Defra) has committed £20 million to Legacy Landscapes Fund (LLF). LinkedIn. https://www.linkedin.com/posts/legacy-landscapes-fund_conservation-biodiversity-climateaction-activity-7284953874300325888-sEzX/
- 186 Britain to contribute to Brazil's Amazon fund, PM Sunak says (2023) <https://www.reuters.com/world/britain-contribute-brazils-amazon-fund-pm-sunak-says-2023-05-05/>
- 187 UK leads global action to protect rainforests, cut methane emissions and advance low carbon technologies (2023) <https://www.gov.uk/government/news/uk-leads-global-action-to-protect-rainforests-cut-methane-emissions-and-advance-low-carbon-technologies>
- 188 Investment in Forests and Sustainable Land Use Phase II (IFSLU2) Component 3 (2024) <https://www.contractsfinder.service.gov.uk/Notice/8f41f540-309a-4864-a0e3-eb2a3b67ed5d>

In conclusion, the UK's approach to Indigenous Peoples in climate and biodiversity finance appears to lack an overall coherence. There appears to be no systematic approach to record and disclose information on how its financial mechanisms and commitments are affecting or benefitting Indigenous Peoples, either directly or indirectly. While this report does not examine in detail each financial commitment, initiative, or financial contribution by the UK, in general, the lack of a coherent strategy and indicators on Indigenous Peoples, as well as lack of transparency, makes it difficult to assess the effectiveness of these financing efforts, as well as their alignment with Indigenous Peoples' priorities. While the ICF commits to "meaningfully engage" Indigenous communities, it is unclear what operational measures there are to realise this and to create shared, coherent and implementable priorities across government agencies, projects, and implementing agencies.



An aerial view of the morning landscape in Lobu Nauli, Sipahutar, North Tapanuli. Credit: Khairul Abdi for FPP

In summary, how is the UK doing?

Just, equitable, and inclusive, access to financial resources:

- The UK delivers climate and biodiversity finance through multiple government departments and funding channels, including bilateral programmes, multilateral funds, and partnerships with intermediaries. This fragmented approach, as well as lack of transparency makes it challenging to assess how the UK's climate and biodiversity finance is benefitting Indigenous Peoples.
- While the ICF stresses the need to meaningfully engage Indigenous communities, there is no public information on operational requirements for the participation of Indigenous Peoples in decision-making about, or the governance of, projects affecting them.
- The UK engages in dialogue with some Indigenous Peoples organisations through the Forest and Climate Leaders' Partnership, but overall, there is no strategic approach for direct consultation with Indigenous Peoples in relation to funding decisions.
- The UK has taken an important step in clarifying expectations related to gender and inclusion in the delivery of its climate finance. A next step would be a dedicated focus on Indigenous women's direct access to such finance.

Dedicated, simplified funding arrangements:

- The UK has announced several public commitments and pledges on finance for Indigenous Peoples, but information on the extent to which those pledges have been fulfilled remains scattered and scarce.
- Furthermore, while the UK has launched, or is participating in, several funding initiatives that might affect Indigenous Peoples, there is no public information about any dedicated funding window for Indigenous-led initiatives.

Rights-based approach:

- While the UK seeks to advance funding to Indigenous Peoples' land tenure and rights, it lacks a coherent strategic approach on this topic. There is no overarching methodology or policy commitment in its climate and biodiversity finance to ensure respect and protection for the collective rights of Indigenous Peoples or framework and indicators to assess how this finance affects or benefits Indigenous Peoples.
- The UK's ICF strategy refers to Indigenous Peoples as 'vulnerable groups', but it fails to adequately and explicitly recognise Indigenous Peoples' distinct status and collective rights under international human rights law and the central importance of ensuring respect for these rights in order to reach climate change and biodiversity goals.
- While the UK has significantly invested in forest-based climate change mitigation (e.g., through REDD+), which in some cases overlap with Indigenous Peoples' territories, there is limited information on any funding for Indigenous Peoples' self-determined needs, including adaptation and loss and damage strategies.

Conclusion and recommendations

This report set out to respond to the discourse of the staggering climate and biodiversity finance gap estimated to exist globally. Its key contributions to the international deliberations on how to respond to the existence of this gap has been to highlight that it has to be filled in the ‘right way’, i.e. with consideration of key international principles and obligations:

- Global North countries have a central role to play in filling the gap – in line with their human rights obligations, the international principles of CBDR-RC, and calculations of their fair share of the costs of addressing climate and biodiversity breakdown. Providing loans, which increases the debt of Global South recipient countries, is not an acceptable way for Global North countries to assume this obligation and responsibility.
- Global North countries have at their disposal several tools for generating finance that can harness funds for public spending (including from the private sector). These include fiscal policies that redirect harmful subsidies and tax heavily polluting actors without relegating finance generation to private sector voluntary actions incentivised by profit-making and relying on volatile markets.
- Channeling increased levels of climate and biodiversity finance to Indigenous Peoples must be a central focus in global efforts to fill the finance gap. This is to acknowledge and respond to the gap that exists between the contributions of Indigenous Peoples in addressing the climate and biodiversity crises and the financial contributions they currently receive in return. Channeling funding in this way is also central to states’ obligations to respect, protect and promote the rights of Indigenous Peoples in line with the international legal framework.
- All climate and biodiversity finance must be rights-based, meaning no such finance should be generated or deployed in ways that violate human rights.

The report looked at what a Global North country such as the UK is already doing to take practical steps against the above points. It found that a key strength of the UK’s approach to climate and biodiversity finance is that a majority of it is delivered as grants rather than loans. However, at the same time, the UK has over the past years failed to meet its ‘fair share’ of public climate and biodiversity finance and appears to increasingly seek reliance on the private sector and market-approaches to fill the much-cited global finance gap. Furthermore, while the UK has initiatives that seek to support Indigenous Peoples, it lacks a coherent strategy related to Indigenous Peoples across its departments and programmes. Increasing cuts to the country’s ODA have also raised questions around whether the UK is going to double down on its pledges for rights-based finance or put them on the chopping block.

Recommendations to the UK (with relevance also for other Global North countries)

Addressing the above shortcomings and challenges requires action at multiple levels. Fundamentally, the UK needs to make changes to its strategic approach to climate and biodiversity finance.

The UK's strategic approach

Through the development of the next International Climate Finance (ICF) strategy, the UK should:

- Adopt a **human rights-based approach** with a dedicated chapter and strategy for Indigenous Peoples, developed in consultation with Indigenous Peoples' representatives.
- Fully recognise **Indigenous Peoples' collective rights**, including to self-determination and self-government, as affirmed in UNDRIP and international human rights law – an approach that goes beyond treating 'indigenous populations' as 'marginalised groups' and beyond UK's current and inherently contradictory interpretation of UNDRIP and international human rights law – rejected by Indigenous Peoples – that seeks to restrict UK's recognition to individual rights.¹⁸⁹ Such strengthened recognition in the ICF must be embedded in UK-wide revision to its current policy position on this topic.
- Ensure a **coherent approach** to Indigenous Peoples across different government departments, climate and biodiversity action plans and policies, funding mechanisms, and delivery partners. Such an approach should be ensured through the establishment of binding provisions and operational guidance for government agencies and all relevant actors, rather than leaving compliance to the discretion of individual initiatives. It should include clear safeguards, accessible grievance mechanisms and direct access to funding for Indigenous Peoples.
- Adopt **measurable indicators and targets** to monitor and report on results and benefits for Indigenous Peoples. These must be developed through consultation with, and the full and effective participation of, Indigenous Peoples' representatives.
- Integrate into national climate plans (e.g. NDC and NAP) **provisions to support access to funding** for Indigenous Peoples' organisations.
- Include measures to **support Indigenous Peoples' self-determined sustainable development** and the realisation of their rights. These measures must be based on the recognition that Indigenous Peoples are rights-holders entitled to financial and technical assistance as part of international cooperation obligations, not simply beneficiaries rewarded for their contributions to climate change mitigation.
- Ensure **dedicated funding for the protection of Indigenous environmental and human rights defenders**.
- Align the UK's climate and biodiversity finance approach with the principle of CBDR-RC under the UNFCCC and CBD, so that funding is new and additional, meets the UK's 'fair share', is adequate and predictable, and is responsive to the needs of Indigenous Peoples.

189 See position paper and recommendations from Indigenous Peoples: <https://www.forestpeoples.org/publications-resources/briefing-papers/article/protecting-and-realising-human-rights-in-business/>

- **Maintain and increase the high proportion of ICF funding channeled as grants** and ensure that the UK's announcements to increase the portion of its ODA to go through multilateral institutions and banks does not result in a greater reliance on loans.¹⁹⁰
- Ensure that through the allocation of its climate finance, the UK **increases its contributions towards adaptation and loss and damage**, to avoid a narrow focus on mitigation.
- Include **progressive fiscal policy reforms in order to generate new and additional climate and biodiversity finance**, including through solidarity levies and reforming, eliminating, and redirecting harmful subsidies (see the following recommendations).

Generating finance through fiscal policy

Further, in order to generate new and additional finance for climate and biodiversity, the UK should:

- **Identify and pursue progressive fiscal policy reforms** aimed at generating such finance and adopt a **time-bound plan** for this purpose.
- This plan must address, inter alia,
 - options for taxing wealth,
 - options for permanent taxation of excessive fossil fuel profits,
 - closing corporate tax loopholes,
 - improving tax and financial transparency (including by implementing country-by-country reporting and improving its beneficial ownership registry),
 - adoption of progressive solidarity levies, and
 - reforming, eliminating and redirecting harmful subsidies.
- Ensure that revenues from taxes, including solidarity levies, **are earmarked for climate and biodiversity finance**, including for Indigenous Peoples.
- **Stop obstructing progress in the negotiations of the UN Framework Convention on International Tax Cooperation** and rather use its leverage to catalyse progress in international efforts to create strong frameworks for global tax and financial transparency, and progressive taxation.
- **Join the Global Solidarity Levies Taskforce and implement its recommendations** as a key element for generating new and additional climate and biodiversity finance. The UK should also ensure that any levies proposed by the Taskforce are progressive, rights-based and fair.
- **Push for the incorporation of tax and subsidy reforms** to unlock new and additional finance for forests in **multi-country initiatives** such as the Forest Finance Roadmap for Action.
- Fully implement the UK's **commitments under the Coalition on Phasing Out Fossil Fuel Incentives (COFFIS)** to eliminate fossil fuel subsidies, including through the **adoption of a transparent national inventory of subsidies**, as well as strategies to redirect such subsidies to climate and biodiversity action.

¹⁹⁰ See parliamentary question and answer on ODA (June 2025) <https://questions-statements.parliament.uk/written-questions/detail/2025-06-13/59861>

Channelling finance *in line* with rights and *towards* rights

UK-administered funding programmes

In relation to existing and new climate and biodiversity funding programmes the UK administers, it should:

- Adopt **dedicated arrangements for direct access** to funding for Indigenous Peoples – and other modalities chosen by Indigenous Peoples themselves that guarantee their control over the use of funds – within UK-administered climate and biodiversity finance instruments. Such arrangements must ensure simplified and flexible procedures and reduce administrative barriers.
- Allocate a **minimum percentage of funding** of the new Forest Tenure Pledge to be delivered directly to Indigenous Peoples, in line with their demands.¹⁹¹
- Adopt and operationalise **financial and technical assistance programmes for Indigenous Peoples’ territorial governance and institutional capacity**, including for the strengthening of Indigenous Peoples’ mechanisms for receiving and administering funding.
- Where programmes involve geographical areas involving multiple territories and Indigenous Peoples and other stakeholders (e.g., jurisdictional REDD+ programmes or landscape programmes that involve both Indigenous and non-Indigenous lands), ensure that there are requirements for Indigenous Peoples’ participation as partners in governance and decision-making structures. Indigenous Peoples must have the time and resources needed to decide how they wish to participate and to develop any processes or structures they deem necessary.
- For funding that goes to governments or non-Indigenous implementing agencies, give **priority to programmes that seek to implement Indigenous Peoples’ priorities**, such as the NDC of Indigenous Peoples of Brazil, launched by the Articulation of Indigenous Peoples of Brazil (APIB).

Multilateral funding mechanisms

The UK must use its leverage in multilateral funding mechanisms (e.g. multilateral development banks and international climate and biodiversity funds) to **champion the individual and collective rights of Indigenous Peoples** in line with UNDRIP, including by working towards:

- Their **full and effective participation and representation in decision-making** of these mechanisms.
- Continuous **improvement of safeguard policies and sustainability frameworks** of such mechanisms to ensure funding is not provided to projects that violate the rights of Indigenous Peoples.
- **Adoption of dedicated access windows for Indigenous Peoples** with simplified and flexible procedures, as well as targets and indicators to track results and benefits for Indigenous Peoples and that FPIC is obtained.
- Incorporation **of Indigenous Peoples’ rights and priorities in replenishment programming frameworks** of multilateral funds (or equivalent), including through integrated programmes with allocated resources for Indigenous Peoples.

¹⁹¹ Intervention by IIPFCCC during the COP30 Presidency consultation on the Baku Belem Roadmap at SBI-62 in Bonn, Germany (June 2025). See <https://www.sirgecoalition.org/news-and-articles/reporting-from-sb62-the-baku-to-belm-roadmap-to-13-trillion>

Private and multistakeholder initiatives

- Continue promoting the Cali Fund, or similar mechanisms that **channel private finance through participatory funding mechanisms**, rather than market approaches.
- Condition support for private or multi-stakeholder initiatives on the full respect for Indigenous Peoples' rights, equitable participation in decision-making and governance, transparency, clear benefit-sharing requirements (including direct allocation of financial resources), and FPIC.



The Kanoko Mountains seen from Shulinab Village, Region 9, Guyana. Credit: Oda Almås Smith (2025)

ANNEX 1: Key provisions on climate biodiversity finance obligations

Table 1. Obligations and agreements UNFCCC Framework

Category / instrument	Decisions / articles	Description
Provision of Financial Resources (UNFCCC)	Articles 4.3, 4.4	Obligation of developed countries to provide new and additional finance to meet incremental costs of climate action by developing countries (4.3), and to assist developing countries in meeting adaptation costs (4.4).
Technology Transfer and Support (UNFCCC)	Article 4.5	Obligation of developed countries to promote, facilitate and finance transfer of, or access to environmentally sound technologies and know-how to other Parties, particularly developing country parties.
Finance Obligations (Paris Agreement)	Articles 9.1, 9.3, 9.5	Obligation of developing countries to provide resources to assist developing countries in adaptation and mitigation measures (9.1), and continue to mobilize climate finance from a wide variety of resources, noting the significant role of public funds (9.3), achieving a balance between mitigation and adaptation (9.4).
New Collective Quantified Goal (NCQG)	Various COP decisions, including decisions 1/CP.21, 1./CMA.6	The COP decides, in accordance with Paris Agreement article 9.3, to set a new collective quantified goal with developed country Parties taking the lead, of at least USD 300 billion per year by 2035 for developing country Parties for climate action, from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources.
Baku Belem Roadmap	COP decision 1/CMA.6 para. 27	The COP decides to launch the “Baku to Belém Roadmap to 1.3T” aiming at scaling up climate finance to developing country Parties, including through grants, concessional and non-debt-creating instruments, and measures to create fiscal space.

Note. This table focuses on developed country obligations related to *financial assistance* and does not cover all other obligations to cooperate, for example through technology transfer and capacity-building. Furthermore, in the column ‘description’ the text from relevant decisions and articles have been slightly modified with a view to conveying the main content of those decisions and articles.

Table 2. Obligations and agreements under the CBD Framework

Category / instrument	Decisions / articles	Description
Provision of Financial Resources (CBD)	Articles 20 (2), 21	Obligation of developed country Parties to provide new and additional financial resources to enable developing country Parties to meet the agreed full incremental costs to them of implementing measures which fulfil the obligations of the Convention.
Provision of financial resources by developed countries (Kunming-Montreal Global Biodiversity Framework)	Target 19 (a)	Aims to substantially and progressively increase the level of financial resources from all sources, in an effective, timely and easily accessible manner, to implement national biodiversity strategies and action plans, increasing total biodiversity related international financial resources from developed countries, to at least USD 20 billion per year by 2025, and to at least USD 30 billion per year by 2030.
Mobilization of resources from all sources (Kunming Montreal Global Biodiversity Framework)	Target 19 (b-g)	Aims to substantially and progressively increase the level of financial resources from all sources, in an effective, timely and easily accessible manner, including by increasing domestic resource mobilization, private finance, innovative schemes, optimizing co-benefits, enhancing the role of collective actions, and enhancing the effectiveness of resource provision and use.
Resource Mobilization Strategy	Decision 15/7; Decision 16/34	<p>Decision 15/7 updated by Decision 16/34 outline the Resource Mobilization strategy for the KMGBF, including a roadmap to mobilize new and additional resources.</p> <p>It reinforces developed country obligations under CBD Articles 20 and 21, and the achievement of Target 19(a), while also encouraging the mobilization of complementary finance from all sources.</p> <p>It also stresses the need to ensure timely access to financial resources and capacity-building for Indigenous Peoples; simplifying access modalities for biodiversity funding by international financial institutions, in particular for Indigenous Peoples; and directing more rapidly accessible international resources to key implementation partners, in particular Indigenous Peoples.</p>

Note. This table focuses on developed country obligations related to *financial assistance* and does not cover all other obligations to cooperate, for example through technology transfer and capacity-building. Furthermore, in the column ‘description’ the text from relevant decisions and articles have been slightly modified with a view to conveying the main content of those decisions and articles.



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