



Coalition for Capacity on Climate Action (C3A)

Side-event at COP 16 :

*“Mobilizing and reforming the financial system
to achieve the GBF targets”*

Date: October 28th, 2024

Time: 08:00 am – 09:00 am (Cali, Colombia) UTC-05:00

Venue: COP16 MDB Pavillion (“Blue Zone”)
Centro de Eventos Valle del Pacífico
Cl. 15 #26-120, Arroyo Hondo, Yumbo, Valle del Cauca, Colombia

Key questions:

- *How much finance is needed to achieve the halt and reverse biodiversity losses, and fulfill the Global Biodiversity Framework targets?*
- *How much biodiversity finance is currently being mobilized?*
- *To what extent are developed countries meeting their targets for biodiversity-related official development assistance targets?*
- *What can be done to mobilize global finance and reform financial institutions to help meet global biodiversity targets?*

*“Mobilizing and reforming the financial system to achieve the
GBF targets”*

One of the most important dimensions of efforts to implement the Global Biodiversity Framework (GBF) is the explicit goal of addressing global finance and capacity gaps. For example, the GBF estimates that halting and reversing biodiversity losses will require funding of around \$700 billion per year until 2030, to be filled through the reduction of harmful subsidies (GBF Target 18) and a massive increase in public and private financial resources (GBF Target 19). The UNEP further suggests that upwards of \$7 trillion per year in nature-negative investments will need to be repurposed to meet global biodiversity goals.¹ In short, massive amounts of financing will be necessary to protect, sustainably manage, and restore ecosystems in the coming years.

Policymakers and financial supervisors must therefore ensure that the funding needed for a global nature transition is made swiftly available and effectively distributed to those projects and places most in need. A diverse array of new financial instruments are already being put forward for this purpose. Besides calls for grants and concessional loans from MDBs and repurposing domestic public resources, new tools have been developed to finance environmental initiatives, such as sustainability-linked bonds, blended finance initiatives, and innovative schemes such as payment for ecosystem services, debt-for-nature swaps, biodiversity offsets and credits, and benefit-sharing mechanisms.

Along similar lines, researchers and global institutions are increasingly calling for reforms of the global financial architecture to remove any structural impediments to directing biodiversity funding to where it is needed most. For example, some have called for a massive expansion of the use of the IMF's Special Drawing Rights (SDRs) to support transitions and limit financial constraints in climate-vulnerable countries.^{2 3} Under the leadership of Brazil, the G20 is also now proposing to introduce debt suspension clauses in loan agreements for countries affected by a natural disaster,

¹ UNEP. (2023b). State of Finance for Nature: The Big Nature Turnaround – Repurposing \$7 trillion to combat nature loss. Nairobi. <https://doi.org/10.59117/20.500.11822/44278>

² Volz, U. (2022). Climate-proofing the global financial safety net. *Journal of Globalization and Development*, 13(1), 1-30.

³ Aglietta, M., & Espagne, É. (2022). Environmental change and the international lender of last resort. In *Central Banking, Monetary Policy and the Environment* (pp. 111-134). Edward Elgar Publishing.

and debt-for-investment exchanges to support countries that have less fiscal space to engage in the transition.

With this in mind, there is perhaps no other question that is more central to the discussions at COP16: *What can be done to mobilize global finance and reform financial institutions to help meet global biodiversity targets?*

To answer this question, head-on, C3A (see below for more information) proposes an event that will include a panel discussion of experts, representatives of Ministries of Finance, and policymakers to engage with the promises and pitfalls of different nature-finance strategies. Speakers will present the state-of-the-art of the current landscape of biodiversity finance, highlight the practical challenges to mobilizing financial resources for biodiversity and the “nature” agenda, and consider what future changes to the global financial architecture may be needed to support action to meet the Global Biodiversity Framework targets.

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Event Agenda:

- **Welcome and Introduction (5 mins)**
 - Welcoming Remarks: **Romain Svartzman (C3A & Research Fellow, Bocconi University)**
- **Presentations (30 mins)**
 - Overview of international financing needs for biodiversity: **Jeffrey Althouse (C3A)**



- Progress and promises on the road to achieve 20bn/year in international biodiversity finance: **Mark Opel (Finance Lead, Campaign for Nature)**
 - Pathways to mobilizing international biodiversity finance for low-income nations: **Hon. Jiwoh Abdulai (Minister of Environment and Climate Change, Republic of Sierra Leone)**
 - Utilizing national development banks to support the nature transition: **Odette Lima Campos (Environmental Area Service Coordinator, BNDES)**
 - Structural and systemic aspects of the financing constraints to achieve GBF goals: **Ananthakrishnan Prasad (Advisor and Unit Chief, Climate Finance Policy, Monetary and Capital Markets Department, IMF)**
- **Panel discussion and Q&A (20 mins)**

About C3A

The Coalition for Capacity on Climate Action (C3A) is the new Ministries of Finance' Climate Think Tank hosted by the World Bank. C3A serves Ministries of Finance by bridging the gap between ecological science and economic policy. It engages with economic stakeholders, the whole of government and local as well as global research ecosystems to support informed policy debates on ways to achieve shared prosperity on a livable planet.

C3A was launched in June 2023 at the Paris Summit for a New Global Financing Pact as a specialized research and policy platform to provide peer exchange among Ministries of Finance, trainings on critical policy issues and collaboration on analytical tools. By bringing together diverse perspectives, leveraging local knowledge, promoting ownership, C3A contributes to the long-term sustainability and effectiveness of policy making.



To achieve these goals, the C3A program relies on a knowledge community consisting of a diverse group of world-leading practitioners and experts, mobilized around a core team with its own thematic and regional expertise. C3A is organized into regional and thematic hubs to respond as closely as possible to the needs of decision makers. Hosted by regional institutions, the regional hubs monitor and mobilize local knowledge stakeholders to help Ministries of Finance design ambitious and effective climate policies. Thematic hubs provide decision-makers with knowledge from the latest international academic research and practitioner experience on the most critical topics.

www.climatecapacitycoalition.org/