

Triangulating Climate, Nature and Development through Integrated Finance

Date and time: 14 February – 11:30am-1:00pm

Session focal point: Christopher Lilyblad (christopher.marc.lilyblad@undp.org)

Background

This session will provide policymakers and stakeholders with actionable insights on investment in climate and nature within *sustainable* development trajectories imbued by increasing fragmentation, polarization, and fragility. Emphasizing public and private financing for NDCs and NBSAPs within developing countries, panelists will share experiences of initiatives triangulating climate, nature and development as well as the financing strategies that underpin them. These testimonials will take into account the broader framework of multilateralism and collective action since the Rio Conference necessary for enhancing global cooperation and resilience vis-à-vis common challenges permeating political, economic, environmental, and social contexts.

Since the 1992 Rio Conference, sustainability is widely recognized as indispensable for human development, emphasizing the critical role of healthy ecosystems and biodiversity for thriving societies. The pursuant concept of *sustainable* development, reinforced by the 2030 Agenda and the SDGs, highlights the risks posed by climate change and biodiversity loss, exacerbated by their insufficient integration in financial systems. Environmentally harmful practices in development often go unaccounted for, while the benefits of eco-friendly approaches are overlooked in financial analyses, leading to decision-making that neglects long-term ecosystem and resource sustainability. To address these issues, reforms promoting green transition, nature-based solutions, net-zero targets, and sustainable finance, among others, are being pursued to mitigate environmental impact and support sustainable development.

However, these myriad and proliferating approaches remain as varied and diverse as the financial logics and instruments that endeavor to facilitate their implementation. With lingering disagreements over the definitions and practicalities of finance that underpin climate and biodiversity, particularly as debates simmer at their respective conferences of the parties (COPs), we need to avoid further splintering and crystallization of policy frameworks that, at best, address climate, nature, and sustainable development in parallel in within separate discursive forums or, at worst, compete against each other for scarce public and private resources. Indeed, any distinction between climate and nature in terms of policy and finance appears rather artificial, often leading to duplication, overlap, and double-counting.

Hence, an integrated approach triangulating coherent policies and institutional frameworks across the financing spectrum is necessary to achieve efficient resource allocation processes and mechanisms conducive to synergies and mutually reinforcing effects at the epicenter of the climate-nature-development nexus.

The zero draft outcome document for the Financing for Development Conference urgently emphasizes the escalating crises of climate change and biodiversity loss, underscoring the critical need for accelerated action and significantly increased financing to confront these intertwined complex challenges by the end of this decade. It underscores the immense financing challenges for climate action, biodiversity preservation, and ecosystem restoration, especially highlighting the pressing need for adaptation funding in countries most vulnerable to these crises, such as Least Developed Countries (LDCs) and Small Island Developing States (SIDS). These countries, facing the dual challenge of pursuing development goals and poverty eradication while committing to ambitious climate action under the Paris Agreement and protecting their environments as per the Kunming-Montreal Global Biodiversity Framework, are at the heart of the document's call for developed countries to spearhead the mobilization of necessary financial resources. This aligns with the indispensable quest for driving a global transition towards a climate-resilient and nature-regenerative future – converging with the Sustainable Development Goals (SDGs) – that necessitates integrated approaches.

Acknowledging the significant threat climate change and biodiversity loss pose to development and its financial underpinnings, particularly in developing regions, the draft outcome document reaffirms a global commitment to bolstering economy-wide and financially sustainable NDCs and NBSAPs amidst these global planetary challenges. Meeting the NDCs of developing countries requires over US\$ 2.4 trillion, necessitating a significant shift in climate-development financing to achieve climate action and economic growth. Decisive climate action globally could prevent dire impacts and bring about a US\$ 43 trillion gain by 2070, increasing global GDP by 3.8%. Although developing countries' climate spending has surpassed the initial US\$ 100 billion annual goal, reaching the revised US\$ 300 billion target by 2035, set at COP-29, demands enhancing policy frameworks to attract investment. Additionally, the implementation of the Kunming-Montreal Global Biodiversity Framework and related strategies calls for overcoming a US\$ 700 billion annual biodiversity finance gap, requiring the alignment of financial flows with biodiversity goals, integrating biodiversity into policy, promoting risk disclosures, reforming harmful incentives, and mobilizing significant funds, including US\$ 200 billion annually by 2030 through innovative financing for conservation and green economies.

In brief, as the Paris Agreement and Kunming-Montreal GBF now **collectively seek to mobilize over 500 billion per year in aggregate climate and nature financing**, this panel discusses how INFFs can enable countries to establish effective financing strategies integrating coherent approaches across SDGs, NDCs, NBSAPs, and other relevant policy frameworks.

Objectives

Hence, the primary aim of this panel is three-fold:

- First, the session explores how the policy imperatives of biodiversity conservation and climate action can be harmonized and inter-operationalized within the broader framework of sustainable development, as reflected in the 2030 Agenda
- Second, how this approach can lower transaction costs and avoid duplication or double-counting by streamlining overlapping and at times incompatible or competing financing frameworks and taxonomies acting as impediments rather than facilitators of decisive action
- Third, how integrated financing approaches, drawing on public, private, foreign, and domestic resources can be leveraged, aligned, and attracted towards investable NDCs,

NBSAPs, and SDGs that are anchored in economy-wide and all-of-society approaches.

Guiding Questions

- What is the experience to date with INFFs and establishing a financing strategy conducive to the climate-nature-development nexus?
- How can the FfD4 outcome foster greater integration between SDGs, NDCs, and NBSAPs?
- How can we enhance practical collaboration at the country level between climate, nature/biodiversity and development financing approaches, including leveraging the potential of the private sector?

Format

This event will include presentations from participating countries sharing success stories and case studies on how the countries have leveraged INFFs to scale up financing for climate and nature initiatives by triangulating NDCs, NBSAPs and development strategies. The event will connect various INFF stakeholders from governments, international organizations, and development partners to private sector and civil organisations. The session will have a panel discussion on the importance of transcending the public-private dichotomy to arrive at more effective resource allocation with an emphasis on capacity building and strategic impact. The session will open for participants' questions and knowledge sharing.