Environmental Financing:
Policy and Regulatory Issues

State of Play and the Needs

2nd Montevideo National Focal Points Meeting

Nairobi, Kenya

04 June 2024

Biodiversity

USD 500 + 200 billion

Climate change: adaptation

USD 140-300 billion

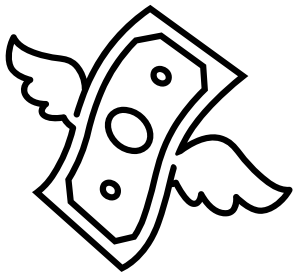
Food systems

USD 300-400 billion

Nature based solutions

USD 540 billion

The needs



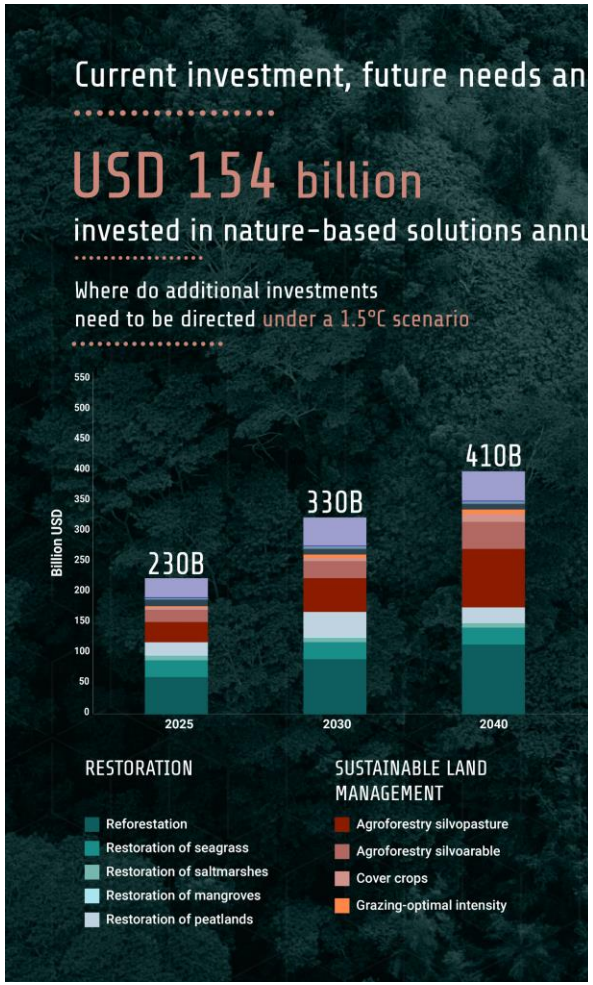
New Needs:

- The BBNJ Treaty
- The Loss and Damage Fund
- The Global Biodiversity related Fund(s)
- Others, including MEAs adopted and under negotiations (e.g. the Plastics Treaty etc.)

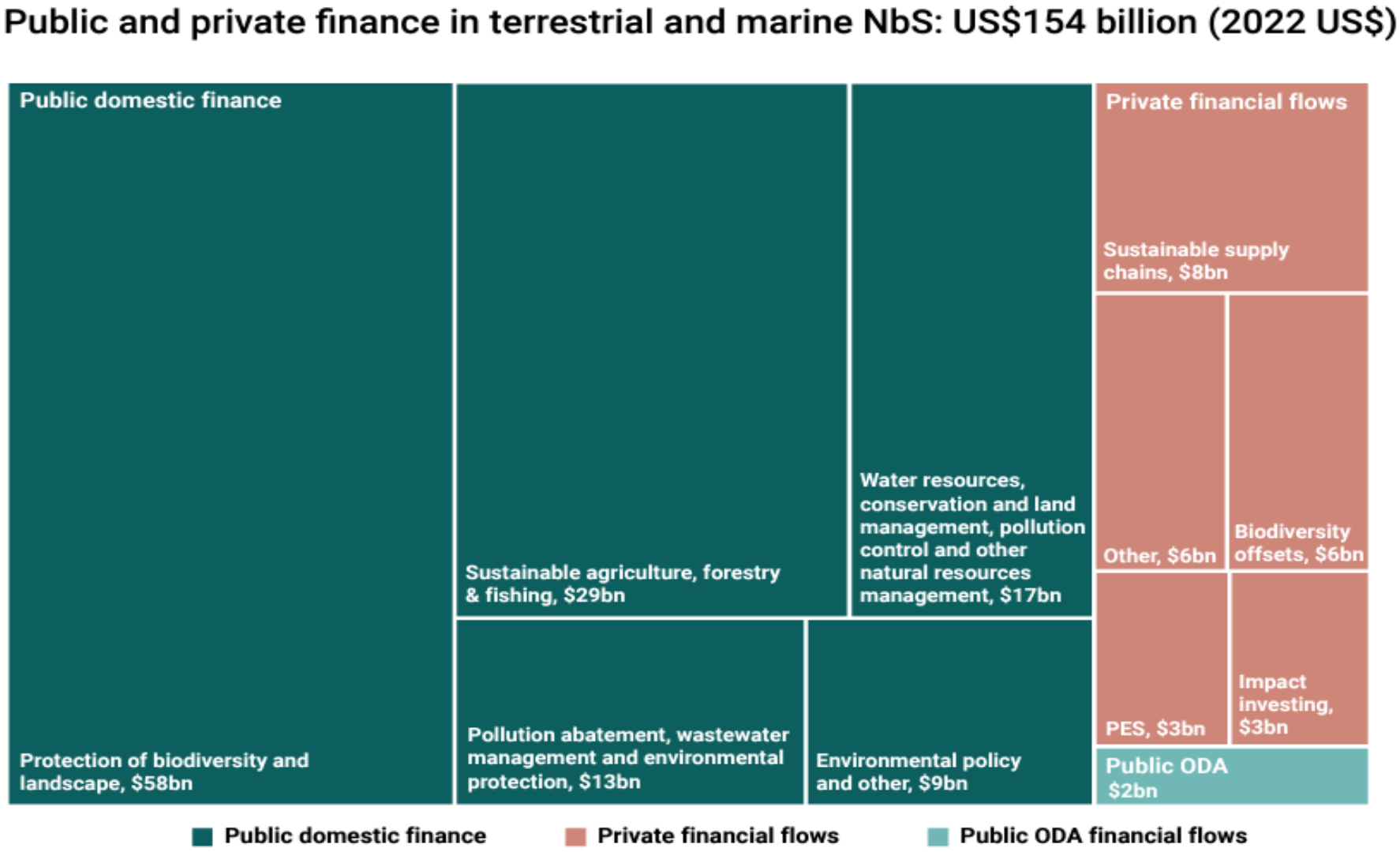
The question !

From where and how will the finances come in?

1. Current status of biodiversity finance

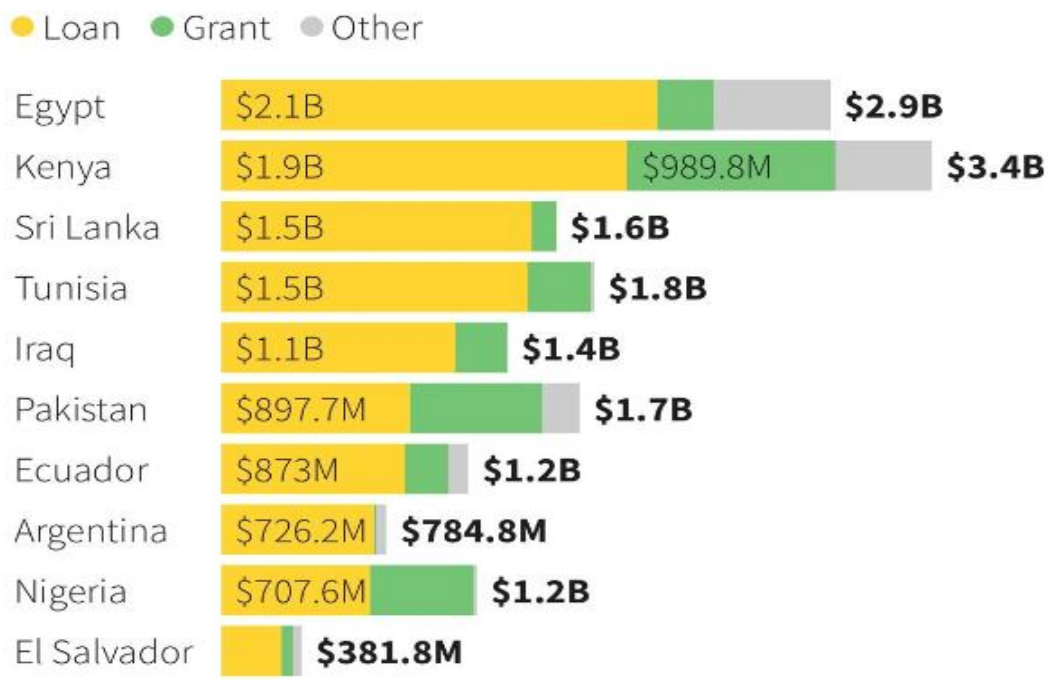


United Nations Environment Pro
Nature.



Debt-distressed nations have received billions in climate loans

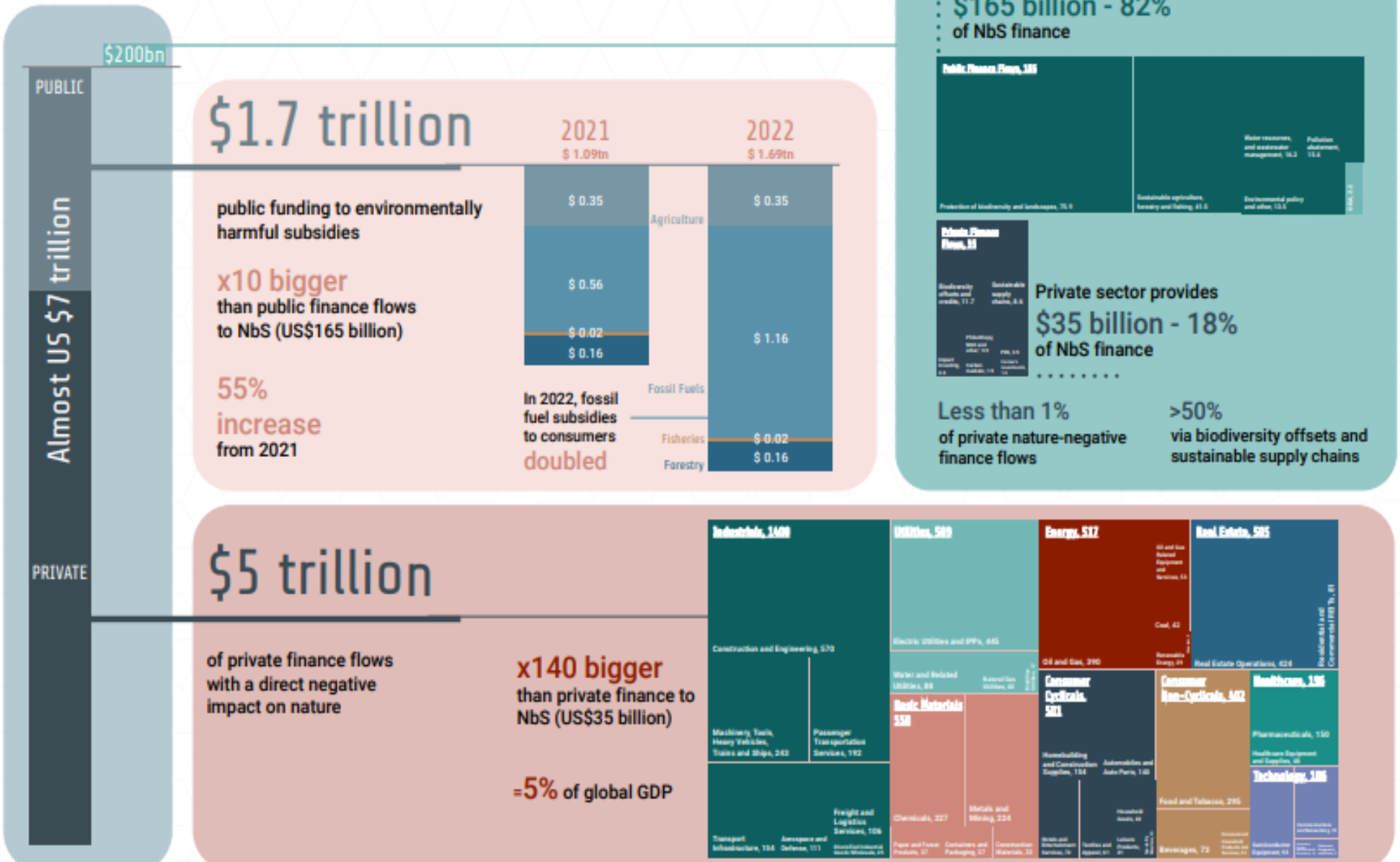
Together, these 10 debt-distressed nations took on a combined $11.5 billion in debt from climate finance loans between 2015 and 2020.



The "other" category includes financial instruments, such as bonds, equities, guaranties and contributions that included both grants and loans. These 10 nations received the most climate loans among the 54 developing countries the United Nations identifies as having the most severe debt.

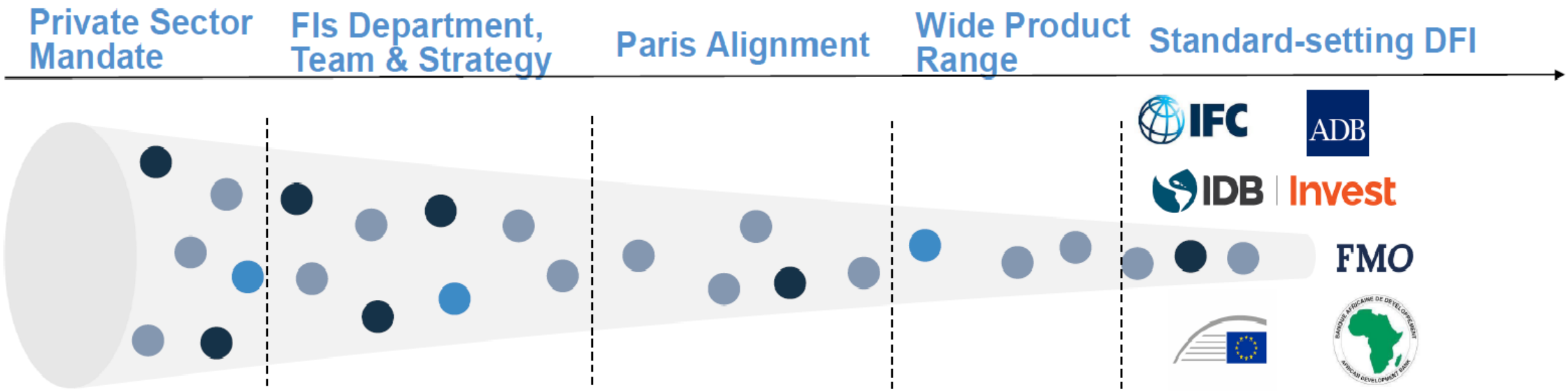
Private Financial Flows to NbS

Current finance flows to NbS of US$200 billion are massively outweighed by finance flows with direct negative impacts on nature of almost US$7 trillion



B. THE DFI UNIVERSE

C. PRIORITIZING ENGAGEMENT

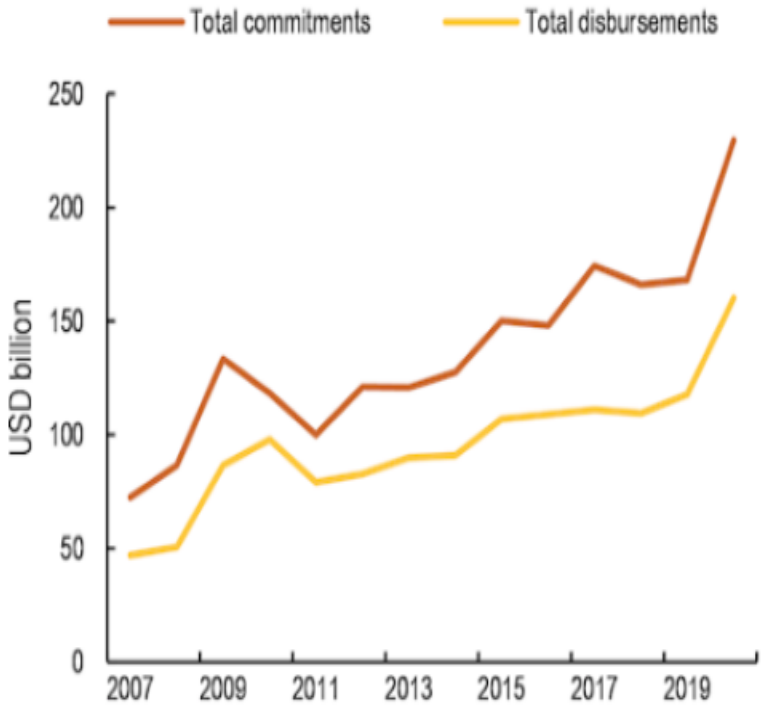


- Private sector focus
- Dedicated Financial Intermediaries department, team & strategy
- Implementing Paris Alignment, Net Zero within and with their clients
- Capacity Building, Traininbgs
- Technical Assistance
- Debt
- Equity
- Aim for Global geographic balance
- Existing relationship
- Standard-setter DFI

WHERE WILL THE MDB REFORMS TAKE DEVELOPMENT FINANCE TO BY 2030?

A two to threefold increase in annual disbursements within the next 5-6 years

Evolution of total multilateral commitments and disbursements (2007-2020)[1]



1) OECD, Multilateral Development Finance 2022

MDBs STATUS TODAY

- **ANNUAL DISBURSEMENTS**: $180 Billion in 2023
- **OF WHICH CLIMATE FINANCE**: $60.9 Billion in 2022 (Joint-MDB Report on CF)
- **MOBILIZATION**: $30.3 Billion in 2021 (0.16 cents mobilized per dollar invested) of direct private finance mobilized in middle-income and low-income countries (Joint-MDB Report on Mobilization)
- **BLENDED FINANCE**: $14 Billion in 2023 (State of BF 2024, private, public and philanthropic) – **stalled in the past decade**

MDB REFORMS

- **ANNUAL DISBURSEMENTS**: $360-540 Billion
- **OF WHICH CLIMATE FINANCE**: $180-260 Billion
- **MOBILIZATION**: $500 Billion (can we go from 0.16 on the dollar to 1-1.5, 6-10-fold increase?
- **BLENDED FINANCE**: $30-45 Billion (assuming it grows in tandem with Development Finance)

2007 2020 2023 2030

Focus on policy and legal reform in Financing

1. Financing policy(ies), regulations for environment
2. Review of existing policies
3. Alignment and coherence
4. Policy and legal reforms for clarity, predictability and transparency

Questions and Clarifications ?

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