

OUT OF OBLIVION

WHY BIODIVERSITY MUST BE AT THE HEART OF ALL IMF POLICIES

Making the case for the IMF to finally support the central role of biodiversity in macroeconomic and financial stability

AVAAZ POSITION PAPER
APRIL 2023



AVAAZ

INDEX

Introduction	03
Key messages	03
1. Biodiversity should be at the heart of all IMF activities	04
2. Immediate actions that the IMF could take	06
2.1. Reallocation of existing Special Drawing Rights (SDRs) and a new issuance	06
2.2. Adopt a new qualifying challenge in the RST	06
2.3. Design and implement an ambitious program for debt-for-nature (DNS), debt-for-climate (DCS) and other targeted proceeds debt swaps	07
2.4. Support the development of national-level articulated policies	07
3. Broader institutional reform of the IMF	08
3.1. The analysis of biodiversity and macroeconomic and financial stability as a part of a reformed institutional mandate	08
3.2. Develop natural capital criteria to be included in debt sustainability analysis	08
4. Establishing partnerships	09
4.1. Mobilize the G7 and G20 to put biodiversity at the heart of political discussions on the global financial architecture reform	09
4.2. Mobilize the IFIs for a new round of debt relief with biodiversity at its heart	09
4.3. Establish a program of work with the Convention on Biological Diversity	10
About Avaaz	11

INTRODUCTION

The central role of biodiversity in macroeconomic and financial stability, and its underpinning of the world economy, is now being recognized by an increasing number of public and private financial institutions. However, and despite the adoption of the new UN global biodiversity framework last December, biodiversity is seldom mentioned in the on-going discussions on reforming global financial cooperation, which mostly focus on climate change when it comes to ecological concerns. This is a major omission and should be urgently corrected, and it is critical that the IMF takes leadership on this issue.

The loss of biodiversity is a direct and major risk for the economies of numerous countries, with direct connections and implications with their debt levels and structure. To renew its role and restore its relevance in the 21st century, the IMF must put biodiversity at the heart of all of its policies.

This brief identifies four actions that the IMF could immediately take. Then, it suggests how broader institutional reforms could enable it to better integrate biodiversity throughout its interventions. Finally, the brief highlights some key partnerships that the IMF could build to help it evolve in that direction.

KEY MESSAGES

- **A new allocation of SDRs for biodiversity.** Immediately, the IMF must consider a new, extraordinary general allocation of SDR to support the incorporation of biodiversity into the IMF's operational mandate and set of tools and instruments. The IMF's Board of Governors can make this decision.
- **Making biodiversity a qualifying challenge under the RST.** Immediately, the IMF must adopt biodiversity-sensitive criteria and actions as a qualifying challenge under the Resilience and Sustainability Trust. This is a decision that the Executive Directors could easily put forth and adopt -the Finance Ministers that they represent in their home countries thus have to move.
- **Including biodiversity in a new round of debt relief.** Global debt is out of control and the IMF must develop a new round of debt relief. As an important component of this strategy, the IMF must support the design and implementation of an ambitious program for debt-for-nature (DNS), debt-for-climate (DCS) and other targeted proceeds of debt swaps. This is also in the hands of the Development Committee, and it is consistent with the Managing Director's Global Agenda 2022.
- **The IMF should start undertaking broader reforms of its practices.** Notably the IMF should include biodiversity in its analyses of macroeconomic and financial stability, as well as of debt sustainability. This is a decision for the Board of Governors, and is consistent with the Managing Director's Global Policy Agenda 2022.
- **The IMF should start building partnerships to help strengthen its mainstreaming of biodiversity.** Alongside its support in mainstreaming biodiversity at the level of national macroeconomic policies, the IMF should build partnerships with other international financial institutions, UN Agencies, and the UN Convention on Biological Diversity. As an institutional effort, this should be directly initiated by the Executive Director in response to the calls from the Conference of the Parties to both the UN Convention on Climate Change and on Biological Diversity. The G7 and G20 countries have major responsibility and a key role to play.

1. BIODIVERSITY SHOULD BE AT THE HEART OF ALL IMF ACTIVITIES

After being ignored for decades by international financial institutions, the role of biodiversity for macroeconomic stability has finally and slowly been recognized in recent years by a growing number of UN agencies¹, central banks² and specialized institutions³ such as the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), and the International Development Finance Club (IDFC). The NGFS, for instance, has developed an assessment of the implications of biodiversity loss for central banks and supervisory authorities⁴.

Other financial and economic actors are becoming increasingly aware of the importance of biodiversity for the sustainability of their value chains and business models. Moody's reports that US\$1.9 trillion is at risk as biodiversity loss intensifies nature-related risks⁵ and the World Economic Forum (WEF) estimates that more than half of the world's economic output –US\$44 trillion of GDP– is either moderately or highly dependent on ecosystems and, as a result, is vulnerable to biodiversity loss⁶. Goldman Sachs has made the urgent call to mainstream biodiversity in the global regulatory agenda⁷ and Bloomberg has called for investments to maintain ecosystem integrity that reach US\$1 trillion by 2030⁸, a figure also identified by Avaaz in early 2022 and shared publicly throughout the year, including in a report⁹ released for the 2022 IMF and World Bank annual Meetings.

However, only a small share of companies globally have set targets to protect biodiversity or address deforestation, according to research by S&P Global¹⁰. Most companies show good intentions, but few have taken steps to address the issue in their supply chains, where most of the damage is done. Financial institutions, while exposed to the risks from biodiversity loss, have a large responsibility in increasing those risks through the activities they invest in.

It should now be seen as part of the IMF's duties to make sure that the macroeconomic and financial stability of the countries in which it operates is not compromised through the degradation of biodiversity. The impacts of climate change on the world economy have attracted more interest and have been a main focus in the international discussion, but the impacts caused by the widespread loss of biodiversity are also dire¹¹. At the same time, national debts are soaring, hitting record levels¹² in the aftermath of the 2008 global financial crisis and the COVID-19 pandemic of recent years, with countries being encouraged to destroy more of their biodiversity for debt servicing, creating even more mid to long term vulnerability for their economies. In the current efforts for reforming global financial cooperation, an end must be put to this vicious cycle.

There is still technical and methodological progress to be made to integrate biodiversity throughout the IMF's policies, but these should not be seen as stumbling blocks – or used as excuses for delaying action. A recent publication by the Bank for International Settlements regarding climate-risks and ESG standards identified by the Consultative Group on Risk Management (CGRM)¹³, notes indeed that, for climate

1 United Nations. 2023. United Nations Secretary General's SDG Stimulus to Deliver Agenda 2030. Available at: <https://www.un.org/sustainabledevelopment/wp-content/uploads/2023/02/SDG-Stimulus-to-Deliver-Agenda-2030.pdf> (Accessed April 7, 2023)

2 De Nederlandsche Bank. 2020. Indebted to Nature: Exploring biodiversity risks for the Dutch financial sector. Available at: <https://www.dnb.nl/media/4c31qawd/indebted-to-nature.pdf> (Accessed April 7, 2023)

3 NGFS. 2022. Statement on Nature-Related Financial Risks. Available at: https://www.ngfs.net/sites/default/files/medias/documents/statement_on_nature_related_financial_risks_-_final.pdf (Accessed April 7, 2023)

4 The NGFS set up a joint Study Group on 'Biodiversity and Financial Stability' that in March 2022 released the report "Central banking and supervision in the biosphere: An agenda for action on biodiversity loss, financial risk and system stability".

5 Bloomberg. 2022. Moody's Has a \$1.9 Trillion Warning Over Biodiversity. Available at: <https://www.bloomberg.com/news/articles/2022-09-28/moody-s-1-9-trillion-warning-over-biodiversity-green-insight> (Accessed: April 7, 2023)

6 Herweijer, C., Evison, W., Mariam, S., et al. World Economic Forum - PwC (2020). Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy. Available at: https://www3.weforum.org/docs/WEF_New_Nature_Economy_Report_2020.pdf (Accessed: April 7, 2023)

7 Goldman Sachs. 2022. Assessing the Financial Links to Natural Capital. Equity Research. Available at: <https://www.goldmansachs.com/insights/pages/igs-research/assessing-the-financial-links-to-natural-capital/report.pdf> (Accessed: April 7, 2023)

8 BloombergNEF. 2023. The Biodiversity Finance Handbook. Available at: <https://about.bnef.com/blog/1-trillion-to-protect-biodiversity-is-cheaper-than-the-cost-of-inaction/> (Accessed: April 7, 2023)

9 Avaaz. 2022. "It's the Ecology, Bretton Woods": On why ecological economics should be front and center at the International Monetary Fund and the World Bank Group. Available at: <https://avaazimages.avaaz.org/Economic%20Case%20Biodiversity.pdf> (Accessed: April 7, 2023)

10 Naik, G and Ruedee, J. 2022. The Sustainability Yearbook. S&P Global. Available at: <https://www.spglobal.com/esg/csa/yearbook/articles/nature-is-climbing-the-agenda-but-corporate-biodiversity-commitments-remain-rare> (Accessed: April 7, 2023)

11 TEEB (2010) The Economics of Ecosystems and Biodiversity: Mainstreaming the Economics of Nature: A synthesis of the approach, conclusions and recommendations of TEEB. Available at: <https://teebweb.org/wp-content/uploads/Study%20and%20Reports/Reports/Synthesis%20report/TEEB%20Synthesis%20Report%202010.pdf> (Accessed: April 7, 2023)

12 As of June 2022, global debt hit a record \$300 trillion, or 349% leverage on gross domestic product. This translates to \$37,500 of average debt for each person in the world versus GDP per capita of just \$12,000. S&P, 2023. Look Forward. A world in disruption. Available at: https://www.spglobal.com/en/research-insights/featured/special-editorial/look-forward/look_forward_volume_1_2023.pdf (Accessed: April 7, 2023)

13 Bank for International Settlements. 2022. Consultative Group on Risk Management. Incorporating climate-related risks into international reserve management frameworks. Available at: <https://www.bis.org/publ/othp54.pdf> (Accessed: April 7, 2023)

1. BIODIVERSITY SHOULD BE AT THE HEART OF ALL IMF ACTIVITIES

change, there are significant challenges in the availability of comprehensive data, and for the establishment of climate-related portfolio goals and planning for reserve managers.

It is very likely that the same type of challenges applies to biodiversity. But on the other hand, in a task force survey carried out by the CGRM, the highest-ranking factor amongst central banks for maintaining “zero or small allocation to ESG-related investment” in international reserve portfolios was legal mandate, on par with liquidity. Mandate should come first, and the methods will follow; and there is enough available expertise to start.

And there have been signs of the acknowledgment of the importance of biodiversity within the IMF. For example, in its statement following the 2022 Annual Meetings, the joint IMF and World Bank Development Committee¹⁴ noted that both climate change and biodiversity loss are constraints to achieving development objectives and must be addressed in all countries as critical issues. IMF researchers have published reports on fiscal space and the gaps to achieving the SDG¹⁵, and quite notably the IMF Managing Director Kristalina Georgieva has hosted roundtables with scientists such as Sir Partha Dasgupta¹⁶ to discuss the economics of biodiversity. Growing recognition of the importance of biodiversity is noted but the IMF is still far from shouldering its responsibility and taking advantage of its clout to galvanize biodiversity mainstreaming throughout the international financial system.

In this context it is imperative for the IMF to take action, starting with the inclusion of biodiversity and natural capital criteria in its mandate to be able to respond to the needs of the global economy and to the nature-based risks that imperil the future inhabitability of the planet. This brief identifies four actions that the IMF could immediately take, then

discusses how broader institutional reform could enable it to better integrate biodiversity throughout its interventions, and finally highlights some key partnerships that the IMF could build to help it evolve in that direction.

14 Arbeleche, A. 2022. Development Committee Statement DC/S/2022-0069. Available at: <https://www.devcom-tee.org/sites/dc/files/download/Statements/2022-10/DC-S2022%200069%20DC%20Chair%20for%20AM%20Fall%20statement.pdf> (Accessed: April 7, 2023)

15 Gaspar, V. et al. 2019. Fiscal Policy and Development: Human, Social, and Physical Investments for the SDGs. Available at: <https://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2019/01/18/Fiscal-Policy-and-Development-Human-Social-and-Physical-Investments-for-the-SDGs-46444> (Accessed: April 7, 2023)

16 IMF. 2021. The Economics of Biodiversity. Available at: <https://www.imf.org/en/News/Seminars/Conferences/2021/01/21/the-economics-of-biodiversity> (Accessed: April 7, 2023)

2. IMMEDIATE ACTIONS THAT THE IMF COULD TAKE

2.1. REALLOCATION OF EXISTING SPECIAL DRAWING RIGHTS (SDRS) AND A NEW ISSUANCE

An immediate action that the IMF could take would be to reallocate existing Special Drawing Rights to support actions that are positive for biodiversity, by developing and including natural capital criteria. There are significant holdings of SDRs in the IMF general account as well as unallocated SDR from the 2021 issuance, and reallocation of existing SDR has been called for by the Economic Commission for Africa¹⁷, the Economic Commission for Latin America and the Caribbean¹⁸, the V20¹⁹, as well as in the agenda of the Bridgetown Initiative. Reallocation could provide increased liquidity and increased lending by the multilateral development banks in support of integrated policies and investments in-country, including climate resilience, investments in natural capital and development of risk off-loading instruments related to natural resource stocks.

Avaaz joins the V20 group²⁰, UNDP²¹, the Center for Economic and Policy Research²², the Banco de España²³ and others to consider a new, extraordinary general allocation of SDR in an amount similar to the most recent allocation (equivalent to \$650 billion) to support the incorporation of biodiversity and natural capital criteria into the IMF's operational mandate and set of tools and instruments. These SDRs should be used to support countries in the development of policies and investments to maintain and improve natural capital that provide additional macroeconomic and financial stability, as well as to support the inclusion of biodiversity criteria in debt sustainability assessment.

2.2. ADOPT A NEW QUALIFYING CHALLENGE IN THE RST

In the creation of the Resilience and Sustainability Trust, some Executive Directors considered the possibility of adding additional qualifying challenges, which are the eligible activities under the RST that address macroeconomic risks and can contribute to the global public good, and which are currently focused on climate change and pandemic preparedness²⁴.

Given the current climate and biodiversity crises, and in accordance with the suggestions included in the Development Committee's communiqué following the 2022 Annual Meetings, the Executive Directors should consider a proposal²⁵ to adopt the assurance of functional ecosystems or other biodiversity-sensitive criteria and actions (counter-cyclical investments in nature, tax reform, de-risking instruments for example) as a new qualifying challenge under the RST. Undrawn resources within the RST could initially be used for this effect, or a new round of pledges of SDR allocations could accompany a decision by the Executive Board to adopt a new qualifying challenge.

This would act as a domino effect, unleashing funds to address the issue of biodiversity loss and ecosystem functionality at the intersection of public finance and macroeconomic stability. The inclusion of biodiversity criteria in the RST would provide a step-wise and cost-effective approach to mainstreaming biodiversity within the IMF.

17 ECA, 2022. Special Drawing Rights must be re-allocated to avail sustainable financing for Africa. Available at: <https://www.uneca.org/stories/special-drawing-rights-must-be-re-allocated-to-avail-sustainable-financing-for-africa> (Accessed: April 7, 2023)

18 Barcena, A., 2022. A development allocation of SDRs should benefit all developing countries irrespective of their income levels. ECLAC. Available at: https://www.cepal.org/sites/default/files/article/files/sdr_op_ed_final.pdf (Accessed: April 7, 2023)

19 Boston University Global Development Policy Center, 2022. V20 Debt Review: An account of debt in the Vulnerable Group of Twenty. Available at: <https://www.bu.edu/gdp/files/2022/09/V20-BU-Debt-Review-Sept-20-FIN.pdf> (Accessed: April 7, 2023)

20 Ibid.

21 UNDP, 2023. Building Blocks out of the crisis: the UN's SDG Stimulus Plan. Development Futures Series. Available at: <https://www.undp.org/publications/dfs-building-blocks-out-of-crisis-uns-sdg-stimulus-plan> (Accessed: April 7, 2023)

22 Vasic-Lalovic, I., 2022. The Case for More Special Drawing Rights: Rechanneling Is No Substitute for a New Allocation. Available at: <https://cepr.net/report/the-case-for-more-special-drawing-rights/> (Accessed: April 7, 2023)

23 Pérez Álvarez, M., 2022. Banco de España. Documentos Ocasionales No. 2201. New allocation of Special Drawing Rights. Available at: <https://www.bde.es//webbde/SES/Secciones/Publicaciones/PublicacionesSeriasadas/DocumentosOcasionales/22/Files/do2201e.pdf> (Accessed: April 7, 2023)

24 IMF, 2022. Press Release No. 22119. IMF Executive Board Approves Establishment of the Resilience and Sustainability Trust. Available at: <https://www.imf.org/en/News/Articles/2022/04/18/pr22119-imf-executive-board-approves-establishment-of-the-rst> (Accessed: April 7, 2023)

25 Avaaz, 2022. IMF/WB Spring Meetings 2022 The Resilience and Sustainability Trust: A proposal from Avaaz for greening the RST. Available at: https://avaazimages.avaaz.org/IMF_WB_SpringMeetings2022.pdf (Accessed: April 7, 2023)

2. IMMEDIATE ACTIONS THAT THE IMF COULD TAKE

2.3. DESIGN AND IMPLEMENT AN AMBITIOUS PROGRAM FOR DEBT-FOR-NATURE (DNS), DEBT-FOR-CLIMATE (DCS) AND OTHER TARGETED PROCEEDS DEBT SWAPS

Following the successful swaps made in Seychelles and Belize, Cape Verde has concluded negotiations with Portugal for a debt-for-nature swap with a coastal and marine conservation focus, and Ecuador is finalizing its negotiations for a large-scale marine ecosystem swap. Nevertheless, a critical mass of DNS must be reached, and country-by-country negotiations are insufficient. As IMF researchers point out²⁶, debt-for-nature swaps can open new revenue streams, especially for countries with significant emissions, large-scale adaptation opportunities, and globally relevant biodiversity, by materializing investments in global public goods.

Creditor appetite for developing new rounds and generations of debt swaps has grown since the pandemic²⁷ as additional mechanisms linking development assistance, investments in the environment, and debt sustainability are explored. DNS can improve environmental sustainability and provide fiscal space to highly indebted countries despite the challenges that their implementation might pose²⁸, and if a comprehensive approach were to be undertaken with the Paris Club, an initial universe of swaps for 13 billion US dollars in low-income countries could be mobilized for SDG achievement alone²⁹.

As detailed below in partnerships, and building on its own research on the case of climate swaps, the IMF can use its institutional weight to catalyze a broad, global strategy for debt relief including DNS, DCS and swaps with specific sus-

tainability goals, to complement existing debt restructuring instruments. As discussed in another publication on the case of Argentina, DNS and DCS should also be seen in the broader framework of ecological debt and how it interplays and compares to financial debt; be part of broader schemes of debt restructuring and/or cancellation; and be subject to broad public participation.³⁰

2.4. SUPPORT THE DEVELOPMENT OF NATIONAL-LEVEL ARTICULATED POLICIES

In its policy support programs and technical assistance initiatives, the IMF should promote the inclusion of long-term biodiversity and climate change goals in recognition of their contribution to macroeconomic and financial stability. This is well within the mandate of the IMF and only requires political will to recognize what is already being worked on by central banks and the NGFS. IMF support would trigger action by other institutions and could provide a platform for closer cooperation between the international financial institutions and the Rio conventions by articulating specific national environmental goals with public debt and finance planning.

26 Georgieva, K. Chamon, M and Thakoor, V. 2022. Swapping Debt for Climate or Nature Pledges Can Help Fund Resilience. IMF Blog. Available at: <https://www.imf.org/en/Blogs/Articles/2022/12/14/swapping-debt-for-climate-or-nature-pledges-can-help-fund-resilience>. (Accessed: April 7, 2023)

27 Banque de France, 2023. Debt for nature swaps: a two fold solution for environmental and debt sustainability in developing countries? Bulletin de la Banque de France, 244/2. January-February 2023. Available at: [823003_bd-1244_2-en_version_finale.pdf](https://www.banque-france.fr/medias/244_2-en_version_finale.pdf) (banque-france.fr) (Accessed: April 7, 2023)

28 Banque de France warns on the technical, financial and governance-related challenges of the implementation of DNS at the national level. Avaaaz has started developing case studies, addressing those challenges. See the Argentina case: Avaaaz, 2023. Debt < Debt. The Argentine Case: A Post-Pandemic Proposal for Settling Sovereign and Ecological Debts and Pursuing a Fair and Equitable Transition in Argentina. Available at: <http://www.avaaz.org/ArgentinaDebt2023>

29 Lazard, 2021. Final Report. Debt-for-SDGs swaps in indebted countries: The right instrument to meet the funding gap? A review of past implementation and challenges lying ahead. Available at: <https://europa.eu/capacity4dev/paramos/file/120008/download?token=U1eoc0ac> (Accessed: April 7, 2023)

30 Avaaaz, 2023. Debt < Debt. The Argentine Case: A Post-Pandemic Proposal for Settling Sovereign and Ecological Debts and Pursuing a Fair and Equitable Transition in Argentina. Available at: <http://www.avaaz.org/ArgentinaDebt2023> (Accessed: April 7, 2023)

3. BROADER INSTITUTIONAL REFORM OF THE IMF

In late 2022, decisions adopted at both the climate COP27³¹ and biodiversity COP15³² called for transformation and reform of the global financial architecture in the mandates of multilateral development banks and international financial institutions that will better position them to respond to the needs of the global climate and biodiversity crises. These reforms would include making the institutions more fit for purpose through alignment of their investments, increase in capitalization, debt relief, and increased ambition on climate and biodiversity funding with all available instruments.

In this respect, the RST, while ambitious, is not enough to transform the IMF. It is the IMF's institutional mandate that needs to be reformed to adapt to the new global circumstances described above, as well as to take on board the progress being made by central banks and regulatory agencies in greening the financial system.

Two core areas that should be considered by the Executive Directors, the Development Committee and International Monetary and Financial Committee include:

3.1. THE ANALYSIS OF BIODIVERSITY AND MACROECONOMIC AND FINANCIAL STABILITY AS A PART OF A REFORMED INSTITUTIONAL MANDATE

As IMF staff have proposed in the Working Paper No. 2022/162,³³ one of the ways to scale up the use of debt swaps is to structure them with broad-reaching environmental goals that can be measured by reliable and existing metrics such as deforestation, ecosystem exploitation or carbon and

equivalent emissions. Adopting areas of work already under development by the NGFS and others on the linkages between nature-based risks should be a priority for the IMF and should also be a priority interest for Executive Directors representing countries with globally-relevant biodiversity and natural capital.

3.2. DEVELOP NATURAL CAPITAL CRITERIA TO BE INCLUDED IN DEBT SUSTAINABILITY ANALYSIS

Nearly 60 percent of low-income countries are at high risk or already in debt distress³⁴ (this has doubled since 2015). Debt relief strategies considering climate/nature-related instruments are vital for the creation of new opportunities for aligning emerging international policy and market developments regarding climate, nature and biodiversity and their interactions and effects on debt markets. Multiple economic valuation methodologies exist to assess natural capital costs and benefits, and they have evolved since the early rounds of DNS and can now be applied to develop new parameters for debt sustainability as well as to explore ecological debt calculations. The accumulated experience on natural capital accounting methodologies should be capitalized through the piloting of a new generation of DNS that explicitly link natural capital and functional ecosystems. For debt sustainability analysis, biodiversity stress tests can be applied to different projections that would include environmental goals and policies as part of the baseline scenario.

31 In the decisions of COP27, paragraphs 40 for CP.27 and 61 for CMA.4 read like this: "Calls on the shareholders of multilateral development banks and international financial institutions to reform multilateral development bank practices and priorities, align and scale up funding, ensure simplified access and mobilize climate finance from various sources and encourages multilateral development banks to define a new vision and commensurate operational model, channels and instruments that are fit for the purpose of adequately addressing the global climate emergency, including deploying a full suite of instruments, from grants to guarantees and non-debt instruments, taking into account debt burdens, and to address risk appetite, with a view to substantially increasing climate finance."

32 In the decision on resource mobilization the COP15 calls "for fundamental transformation of the global financial architecture" (paragraph 16), invites multilateral development banks and international financial institutions to align their activities with the GBF and increase biodiversity funding (paragraph 17), and invites them, including the IMF and World Bank Group, to immediately step in and support the implementation of the global biodiversity framework (paragraph 18).

33 Chamon, I., Klok, E., Thakoor, V., and Zettelmeyer, J., 2022. Debt-for-Climate Swaps: Analysis, Design, and Implementation. IMF Working papers. August 12, 2022. Available at: <https://www.imf.org/en/Publications/WP/Issues/2022/08/11/Debt-for-Climate-Swaps-Analysis-Design-and-Implementation-522184> (Accessed: April 5, 2023).

34 UNCTAD. 2023. Trade and Development Report. Development prospects in a fractured world: Global disorder and regional responses. Available at https://unctad.org/system/files/official-document/trd2022_en.pdf (Accessed: April 5, 2023).

4. ESTABLISHING PARTNERSHIPS

In the context of calls for the Bretton Woods institutions to evolve, and of the specific decisions mentioned above in the framework of two of the Rio Conventions calling for reform in the international financial architecture, it is time for the IMF to take leadership and develop the partnerships needed to renew its role and mandate, and the collective work of International Financial Institutions (IFIs). Specifically, the IMF should spearhead efforts to mobilize G7 and G20 countries, mobilize the IFIs, and establish a programme of work with the Convention on Biological Diversity.

4.1. MOBILIZE THE G7 AND G20 TO PUT BIODIVERSITY AT THE HEART OF POLITICAL DISCUSSIONS ON THE GLOBAL FINANCIAL ARCHITECTURE REFORM

Six out of the G7 countries (all except Canada, thus: Japan, Italy, the United Kingdom, Germany, the United States, and France³⁵) are ecological debtors: their ecological footprint exceeds the biocapacity of their country, and they thus depend on biodiversity beyond their borders - in other countries, and usually in developing and emerging economies. These countries are also among those that hold the biggest share of votes at the IMF.

Concerning the G20, all the countries that have the biggest share of votes at the IMF belong to it (United States, Japan, China, Germany, France, UK, Italy, India, Russia, and Brazil), including top creditor nations (net international investment position per capita), such as China, Germany, Japan, Saudi Arabia, Russia and other nations within the European Union (such as the Netherlands, Denmark, Belgium). It also contains most of the biggest debtors, such as Australia, Indonesia, the US, Brazil, UK, India, Argentina, and some EU countries (such as Greece, Spain, Portugal, or Cyprus). Furthermore, 8 G20 countries are “megadiverse” countries (meaning that they harbor exceptional levels of biodiversity).

The G7 and G20 are thus key fora to address the interconnectedness of biodiversity, debt, and macroeconomic stability. These countries are central to unlocking a biodiversity mandate for the IMF.

The current IMF leadership should consult with countries and call for the creation of a task-force led by the G20, with other key actors such as the African Union, the Climate Vulnerable Forum and other political alliances, with a clear political mandate to put biodiversity at the heart of its activities, in the framework of jointly addressing the debt and environmental sustainability emergencies.

4.2. MOBILIZE THE IFIS FOR A NEW ROUND OF DEBT RELIEF WITH BIODIVERSITY AT ITS HEART

The IMF should mobilize the other IFIs to develop a new round of debt relief, including by creating an ad hoc secretariat or other global mechanism for coordinated debt relief efforts, under the leadership of the IMF. Partnerships can support the identification and implementation of areas for reform within the international financial institutions, through the adoption of shared goals and differentiated missions.

Partnerships can also be made and/or strengthened with the U.N. system: for example the existing program of work with the UN Commission on Trade and Development through its Debt Management and Financial Analysis System Program (DMFAS)³⁶ could be tailored to incorporate biodiversity in the statistical training activities planned for the IMF. Similarly, the in-country and on-line training programs on debt management carried out by UNITAR³⁷ could be modified to incorporate shared curricula that identify and develop the issues surrounding biodiversity, natural capital, and debt sustainability.

35 Avaaaz, 2023. Debt+Debt. The Argentine Case: A Post-Pandemic Proposal for Settling Sovereign and Ecological Debts and Pursuing a Fair and Equitable Transition in Argentina. Available at: <http://www.avaaaz.org/ArgentinaDebt2023> (Accessed: April 7, 2023)

36 UNITAR, 2023. Finance and Trade. Available at <https://unctad.org/dmfas/HomePage> (Accessed: April 7, 2023)
37 See: <https://unitar.org/sustainable-development-goals/prosperity/our-portfolio/finance-and-trade> (Accessed: April 7, 2023)

4. ESTABLISHING PARTNERSHIPS

Finally, to increase the transparency of debt swaps and the activities that they finance, new mechanisms of accountability are needed, such as the use of open-source technologies and big data. This could be piloted through partnerships with initiatives such as the UN Global Pulse, an innovation lab that supports the Secretary General and advancing the UN Charter³⁸.

4.3. ESTABLISH A PROGRAM OF WORK WITH THE CONVENTION ON BIOLOGICAL DIVERSITY

The IMF should formalize a programme of work with the Secretariat of the UN Convention on Biological Diversity to explore opportunities to support the implementation of the Kunming-Montreal Global Biodiversity Framework, particularly Target 19³⁹, and decision 15/7 on Resource Mobilization⁴⁰ of the 15th Conference of the Parties which calls for deep reform of the global financial architecture. Many of the areas of support are listed above, but dialogue and closer collaboration will undoubtedly identify additional synergies and contribute to true mainstreaming of the environment in multilateral finance.

For more information: advocacy@avaaz.org
and biodiversity@avaaz.org

38 See: <https://www.unglobalpulse.org/> (Accessed: April 7, 2023)

39 See the Kunming-Montreal Global Biodiversity Framework. Available at: <https://www.cbd.int/doc/decisions/cop-15/cop-15-dec-04-en.pdf> (Accessed: April 7, 2023)

40 See decision here: <https://www.cbd.int/doc/decisions/cop-15/cop-15-dec-07-en.pdf> (Accessed: April 7, 2023)

ABOUT AVAAZ

Avaaz – meaning “voice” in several European, Middle Eastern and Asian languages– launched in 2007 with a simple democratic mission: organize citizens of all nations to close the gap between the world we have and the world most people everywhere want. Currently, Avaaz has a membership of almost 70 million people from all countries and territories.

Avaaz empowers millions of people from all walks of life to take action on pressing global, regional and national issues, from corruption and poverty to conflict and the environment. Our model of internet organising allows thousands of individual efforts, however small, to be rapidly combined into a collective force.

Each year, Avaaz sets overall priorities through all-member polls. For 2023, our membership has chosen the following top five priorities: responding to the climate crisis (64%), fighting destruction of biodiversity (64%), defending democracy from the far-right and autocratic attacks (45%) and defending human rights (45%).

In other words, the Avaaz staff doesn’t set an agenda in advance to try and convince members to go along with. It’s quite the opposite: Avaaz staff create actions that are in line with priorities chosen by members. Because Avaaz is wholly member-funded, democratic accountability is in our DNA: we don’t accept funds from governments, corporations, political parties, or foundations, and have policies in place to limit disproportionate influence of high net worth individuals: we thus only receive small individual donations, and the highest amount we can accept is US\$ 5,000.

Our community runs campaigns in 17 languages, served by a core team on 6 continents and thousands of volunteers. We take action – delivering petitions, researching, emailing, lobbying governments, organizing “offline” protests and events, and funding grassroots campaigns, litigation, or direct actions on the ground– to ensure that the views and values of the world’s people inform the decisions that affect us all.

Avaaz is mobilized on all three Rio conventions through engaging with civil society at the national and global level, and with officials from Parties and international organizations to connect each sector of society in the common goal of moving towards a sustainable future. In recent years, Avaaz has produced recommendations to the IMF, which can be found below.

IMF/WB Spring Meetings 2023

- [Debt×Debt–The Argentine Case: A Post-Pandemic Proposal for Settling Sovereign and Ecological Debts and Pursuing a Fair and Equitable Transition in Argentina](#)

IMF-WB Fall Meetings, 2022

- [The ecological debt: Save biodiversity, save the economy](#)
- [“It’s the Ecology, Bretton Woods”: On why ecological economics should be front and center at the International Monetary Fund and the World Bank Group](#)
- [The Last Fifty Days. Comments from Avaaz on the 2022 Annual Meetings of the International Monetary Fund and the World Bank Group](#)

IMF/WB Spring Meetings 2022

- [The Resilience and Sustainability Trust: A proposal from Avaaz for greening the RST](#)

OUT OF OBLIVION

WHY BIODIVERSITY MUST BE AT THE HEART OF ALL IMF POLICIES

Making the case for immediate measures, institutional reforms, and partnerships through which the IMF can finally support the central role of biodiversity in macroeconomic and financial stability

AVAAZ POSITION PAPER
APRIL 2023

