Session 2

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How can we finance and accelerate the transition on the ground?

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From left to right: Lauren M. PHILLIPS, Harvey LOCKE, Michael BRÜCKNER, Martin STUCHTEY, Kurt VANDENBERGHE, Rose O'DONOVAN

The keynote and second panel, moderated by Rose O'DONOVAN, explored both barriers to financing and potential solutions.

Keynote: carbon farming as a catalyst

"It looks as though everything is changing. But one thing that is not changing is climate change," said Kurt VANDENBERGHE, Director-General, DG CLIMA, delivering the keynote. Agriculture is one of the EU's most climate-exposed sectors, with rising risks for food production, farmers' livelihoods, and EU security and stability. Crop losses, soil degradation, loss of carbon sink capacity and geopolitical events all contribute.

"We are putting in place the main elements for a well-functioning and credible voluntary carbon farming market in Europe," said Mr VANDENBERGHE, outlining three pivotal criteria:

1. Credible certification: the Carbon Removals and Carbon Farming Regulation (CRCF) covers quantification, additionality, durability and biodiversity benefits
2. Accessible monitoring, reporting and verification (MRV): harmonised MRV for land is on the way
3. Strong and predictable demand: the Commission is establishing an EU Buyers' Club.

How do we price the invisible?

Martin STUCHTEY, Founder, The Landbanking Group, raised the question of how we value land use. The current approach looks backwards - valuing land on historic agricultural productive capacity - rather than forwards at its total future productive capacity, capturing the ecosystem services on which all economic activity depends. Nature risks are growing: flatlining yields, mounting costs, and the prospect of a market correction repricing nature from invisible asset to visible liability.

The point was reinforced by Michael BRÜCKNER, CEO, Munich Re Investment Partners GmbH. Climate and nature risks are already affecting yields, supply chains, insurance costs and asset valuations - yet are still often treated as idiosyncratic rather than systemic. "When climate and nature is priced, addressing those risks stops being a preference and becomes a necessity." Integrating these risks into mainstream investment decision-making is the most powerful lever available. Better policy support to define who carries climate risk, stronger corporate disclosure standards, and shared modelling approaches would all help create the common baseline needed.

From environmental case to economic case

Harvey LOCKE, President, Harvey Locke Conservation Inc. and Vice Chair for Nature Positive, IUCN World Commission on Protected Areas, reframed the discussion entirely. The challenge is not the environmental case for protecting nature: it is the economic case, he said. His example was the Amazon and the agricultural heartland of the Río de la Plata basin.

Barriers and opportunities in financing

The barriers to financing were set out by Lauren PHILLIPS, Director of Partnerships and UN Collaboration, FAO, drawing on its paper on financing food for the future. She cited three issues:

- a quantity problem: insufficient overall funding, and the need to reduce the amount that would go to social protection
- a quality problem: existing money not used effectively, with subsidies often misaligned with social and environmental goals
- and a targeting problem: financing heavily skewed towards richer countries and richer people within poorer countries, with less than 1% of climate finance reaching smallholders.

The debate followed on what is needed for investments to work.