

Non paper for discussion

Elements of a Package Deal on Resource Mobilization for the Global Biodiversity Framework

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The aim of this document is to suggest a package of elements for a global deal on resource mobilization to enable the negotiation of the Global Biodiversity Framework (GBF) and support its implementation. This paper suggests that these issues can be solved through a comprehensive package on resource mobilization built around three pillars:

1. Developed countries increasing international financing for biodiversity;
2. Domestic efforts in all countries to increase domestic resources and policy coherence, including targeted efforts to reduce harmful expenditures, create positive incentives, and increase efficiency of resource use; and
3. A global partnership to provide technical assistance and capacity, channel increased finance, and share knowledge and best practices.

Current state of play & key issues

The OEWG discussions in Geneva made limited progress on finance issues and clarified several fault lines that need to be bridged in the coming months. Coming out of OEWG3, the finance goal in the draft Global Biodiversity Framework now includes references to both closing the \$700B annual biodiversity finance gap (i.e. ensuring adequate resources to fund the implementation of the commitments in the GBF by both reducing harmful expenditures and increasing positive ones) and aligning all public and private financial flows with the goals of the GBF, to ensure that economies become nature-positive, net zero emissions and more equitable over time. The current state of the negotiations also reflects disagreement among parties around other key elements of resource mobilization. However, the core elements necessary for a holistic financing approach - reducing incentives and financial flows harmful to biodiversity, increasing financing from all sources, and developing national biodiversity finance plans - remain squarely on the table, although none of those enjoys consensual agreement from all parties.

During the Geneva talks, various proposals emerged to create new global funds for biodiversity and for multilateral benefit sharing. Underlying these calls for new funds, specific challenges were raised in the discussions, including:

- Lack of sufficient international financing to support developing countries;
- Difficulty for developing countries, especially LDCs, to access international funds in a timely and predictable manner through existing global mechanisms;
- Lack of policy coherence to support biodiversity outcomes both within domestic systems and within global development institutions charged with assisting developing countries;
- Capacity needs in countries to both develop and implement effective biodiversity finance policies and strategies.

Each of these issues can be solved as part of a **three-part global package deal** on resource mobilization, drawing on elements that can be delivered within the CBD process as well as outside of it.

Element 1: Developed Country Commitments

Developed countries need to commit to making more international resources available to close the biodiversity finance gap.

1A) *Significantly increase biodiversity ODA allocations and disbursements* – This commitment is key to unlocking the political stalemate. While more constructive engagement is required from all sides, a clear and ambitious commitment for strongly increased biodiversity ODA from developed countries is a prerequisite. Several governments have made some commitments and pledges in the latter half of 2021 at the UN General Assembly, the Kunming COP 15 part 1, and the Glasgow Climate COP as well as through the recently completed GEF-8 replenishment in 2022. However, the amounts pledged so far are insufficient. Much more needs to be forthcoming and additional clarity on existing commitments and transparency of access, use and how these will support leveraging additional financing is required.

1B) *Align Climate Finance with Biodiversity through Nature-Based Solutions* – The donor countries have committed to reach \$100B in climate finance; the latest Climate Finance Delivery Plan from Glasgow indicates that they were on track to reach that target by 2022 or 2023. Three G7 countries - France, the UK and Canada - have all committed to align 30% of their climate finance for nature-based solutions (NBS). If all donor countries did that, it would generate about \$25 billion per year in ODA-related financial flows (not counting private-sector leveraged funding) with co-benefits for biodiversity to developing countries; and this would increase significantly over time as the UNFCCC is set to adopt a new global climate finance target by 2025. The G7 Environment Communique does endorse increasing financial support for NBS. The rest of the G7 countries (Japan, Italy, Germany, and US) could commit to all meet this target at the G7 Summit, which would send an important signal to the wider donor community for a comprehensive commitment from all donor countries by the UNFCCC and CBD COPs later in the year.

This NBS-related flow would be additional and complementary to, and only partly overlapping with, financing for biodiversity and is not sufficient to cover all biodiversity needs. Both international climate financing with co-benefits for biodiversity and international financing for biodiversity, whether principal or significant in their objective, need to be transparently accounted for in accordance with the OECD DAC Rio markers to avoid illegitimate double counting.

1C) *Ensure all Development Banks are “Kunming Aligned”* – The G7 has previously requested the Multilateral Development Banks (MDBs) to develop plans to be “Paris Aligned” by UNFCCC COP26, and in 2018 the MDBs pledged to generate \$175B in direct climate finance and co-finance by 2025. The MDBs made important commitments for biodiversity through the MDB Joint Nature Statement at Glasgow (2021) but can still go further with much more specific commitments and timelines to become “Kunming Aligned” following the adoption of the Global Biodiversity Framework at UNCBD COP15, and make similarly timebound, quantified commitments to biodiversity finance. The G7 Environment Communique calls on the MDBs to do this. They need to present a comprehensive implementation plan before the CBD COP. The MDBs and the biodiversity funding mechanisms they host should also adopt reforms to streamline access to concessional sources of finance.

What can happen between now and COP15?

- Donor countries make additional ODA commitments
- Donor countries provide transparency of existing commitment (including if these are new funds or repackaging of existing funds and where there may be double counting)
- Ensure GEF is clear about how the issues of access and speed of disbursement have been addressed in GEF8 & communicate this to developing countries
- Donor countries commit to align 30% of their climate finance towards NBS, with clear and transparent accounting relative to biodiversity aid disbursements.
- MDBs develop implementation plan for “GBF alignment” of their portfolios with specific biodiversity funding commitments.

Element 2: Commitments from All Countries

2A) Increase Domestic Resource Mobilization - Currently, domestic resource mobilization is the largest overall source of biodiversity finance. This is also true in both developed countries and in middle income countries. All countries need to be prepared to increase domestic resources, including generating new resources, increasing the efficiency of using those resources, and increasing policy coherence of those resources via national biodiversity finance plans, to implement the GBF. For developing countries, new and additional aid flows can specifically be targeted at building capacity for policy and regulatory reforms to unlock domestic resources from the public and private sector. To operationalize this commitment and underpin it with the needed efficiency through increased policy coherence, all countries should commit to develop **National Biodiversity Finance Plans** (currently contemplated in Target 19 and the SBI Resource Mobilization Strategy) to identify their current flows and finance needs, identify preferred mechanisms to close their national gaps, including opportunities to repurpose harmful subsidies and ways to leverage international assistance. The GEF-8 Replenishment now makes funds available to provide technical support for all GEF-eligible countries to develop updated NBSAPs and NBFPP. Sources of inspiration can be found in the [BIOFIN Catalogue of Finance Solutions](#).

2B) Reform and Repurpose Subsidies Harmful to Biodiversity – Several analyses have shown that policy reforms to prevent spending harmful to biodiversity can make a significant contribution towards closing the biodiversity finance gap by reducing the pressure on biodiversity and thus reducing the financial need for biodiversity. As a first step, all countries should commit in the GBF and the Resource Mobilization Strategy to undertake **assessments of their harmful subsidies** and to disclose them, as a necessary precondition for their eventual reform and repurposing. BIOFIN and OECD have developed methodologies to support these assessments. These assessments should inform the NBFPPs.

2C) Lay the foundation for the finance sector to identify and incorporate biodiversity impacts, dependencies, and risks: The finance sector plays the central role in allocating capital for all economic sectors, including those with the most harmful effects for biodiversity. The finance sector is thus one of the biggest levers to aligning public and private financial flows with biodiversity objectives and thus also for closing the biodiversity finance gap over the long run. However, no reliable metrics nor data exist on the impact of the financial flows on biodiversity, so countries should commit in the Resource Mobilization Strategy to collaborate with the finance industry to develop and eventually implement a robust disclosure framework (as is currently happening with climate risk disclosure), as a first step towards alignment.

What can happen between now and COP15?

- GEF to announce support for all GEF-eligible countries to develop domestic resource mobilization strategies countries at OEWG4
- Countries should start working on assessments and disclosure of their harmful subsidies, as a necessary precondition for their eventual reform and repurposing for rapid transformation
- Countries should continue supporting TNFD efforts and ensure regulations are being developed for business and financial institutions in line with biodiversity goals.

Element 3: International Cooperation

3A) **Establish an Implementation Partnership** – With the adoption of the GBF, the work of Parties will shift from negotiation to implementation. To facilitate that, the Parties could establish an international partnership, using lessons and experiences from other such partnerships to facilitate three broad goals:

- provide technical assistance to developing countries, especially with regard to the development of updated NBSAPs, national biodiversity finance plans, and harmful subsidies assessments;
- improve access to and utilization of financial assistance from bilateral and multilateral sources;
- share knowledge and information, especially around best practices for the above, financial flows and impact on biodiversity.

The Leaders Pledge for Nature and the High Ambition Coalition already provide strategic alliances which can be leveraged, together with other institutions such as UNDP’s BIOFIN initiative, the OECD, the GEF, and a multistakeholder support network, to support such a partnership. The partnership could help catalyze biodiversity finance by helping countries prepare, prioritize, and communicate investment needs in national biodiversity finance plans and could provide a suite of tools and resources to help countries learn how to better access and leverage finance from diverse sources.

What can happen between now and COP15?

- A voluntary coalition of governments agree to establish and fund a multi-stakeholder partnership to support accelerated implementation of the GBF immediately upon adoption

Other possible sources of funding to consider

Aligning all financial flows to be nature positive, as currently articulated in the Resource Mobilization Goal (Goal D) would fundamentally transform the global economy, at a scale of tens of trillions of dollars. Additionally, linking biodiversity and climate outcomes to sovereign debt sustainability by scaling the principles underlying the debt for nature swap model could leverage the developing country sovereign debt market at a scale of trillions of dollars. While transformational, these mechanisms are unlikely to be sufficiently developed in time to be part of the resource mobilization package in Kunming.

SUMMARY TABLE of the GLOBAL PACKAGE DEAL

Resource Mobilization Challenges	Potential Solutions from the GLOBAL PACKAGE DEAL
Lack of adequate funds to support developing countries, especially LDCs	<ul style="list-style-type: none"> ● Increase ODA specifically for Biodiversity (\$10s of Billions) ● Align 30% of climate ODA for NBS (\$10 of Billions) ● Make MDBs “Kunming” Aligned (\$100s of Billions) ● Domestic Resource Mobilization (\$100s of Billions globally) ● Harmful Subsidy Reform (\$100s of Billions)
Difficulty in accessing funds in a timely and predictable manner through existing global mechanisms	<ul style="list-style-type: none"> ● Reforms to improve the efficiency of access procedures for biodiversity funding mechanisms ● NBSAP Implementation Partnership
Lack of policy coherence to support biodiversity outcomes	<ul style="list-style-type: none"> ● National Biodiversity Finance Plans ● Make MDBs “Kunming” Aligned
Capacity needs to both develop and implement biodiversity finance policies and strategies	<ul style="list-style-type: none"> ● NBSAP Implementation Partnership