

PANEL OF EXPERTS ON RESOURCE MOBILIZATION:

OVERVIEW OF THE PANEL'S REPORTS FOR SBI-3 SPECIAL SESSION, 17th September 2020

1. The Panel of Experts on Resource Mobilization was established in response to Decision CBD/COP/14/22 in order to contribute to the post-2020 framework and to prepare reports covering three main topics: Evaluation and review of the Strategy for Resource Mobilization and Aichi Biodiversity Target 20; estimation of costs, benefits, and resources needed for the post-2020 GBF; and, a Contribution to a draft Resource Mobilization Component of the Post-2020 Framework. The Panel's three reports¹ are all available for the consideration of SBI-3.
2. This paper is intended to provide a brief overview of the key findings and recommendations in the Panel's three reports, as an *aide memoire* for the participants in the Special virtual session of SBI-3 on Resource Mobilization being held on 17th September 2020.

1ST REPORT: EVALUATION AND REVIEW OF THE STRATEGY FOR RESOURCE MOBILIZATION AND AICHI BIODIVERSITY TARGET 20

Key Findings

Assessment of the Strategy for Resource Mobilization

- The underlying structure of the strategy for resource mobilization, and its content, are still essentially sound, but...
- There are real questions about its operational effectiveness, especially in developing countries
- Considerable overlap exists between the eight goals of the strategy for resource management and the five targets agreed at the twelfth meeting of the Conference of the Parties (COP 12) under Aichi Biodiversity Target 20
- Mainstreaming, removal of harmful subsidies (Aichi Biodiversity Target 3), and access and benefit-sharing – all highly pertinent to resource mobilization – were partially integrated into the goals of the strategy for resource management
- Gaps and shortcomings in the strategy for resource management include:
 - Lack of definition of biodiversity finance and of the “private sector”
 - Omission of any reference to financial markets and banking sector
 - Absence of a time-bound action plan for mobilizing resources
 - Too little emphasis on innovative financing for biodiversity, including use of public finance to leverage private investment
 - Inadequate methodology for comparable, transparent reporting of resources being mobilized for biodiversity
- Assessment of the strategy for resource management on a goal by goal basis reveals:
 - Many examples of real, but uneven, progress
 - Challenges in implementation, particularly related to capacity
 - Over-optimism about the scale of private sector investment so far
 - Lack of priority for biodiversity outside of environment ministries

¹ 1st Report: <https://www.cbd.int/doc/c/4c88/dbb1/e264eaae72b86747416e0d8c/sbi-03-05-add1-en.pdf>; 2nd Report: <https://www.cbd.int/doc/c/c3f7/163d/b1f2c136506037842cebc521/sbi-03-05-add2-en.pdf>; 3rd Report: <https://www.cbd.int/doc/c/5c03/865b/7332bd747198f8256e9e555b/sbi-03-05-add3-en.pdf>

Assessment of progress towards Aichi Biodiversity Target 20

Some key statistics to provide context²

- Total **global** biodiversity finance is estimated to be US\$ 78-91 billion per year
- **Domestic** public expenditure is the majority: an average of US\$ 67.8 billion per year
- **International** public biodiversity finance totals US\$ 3.9-9.3 billion per year, of which bilateral flows are US\$ 3.5-8.4 billion, and multilateral flows are US\$ 0.3-0.9 billion
- **Private sector** expenditure on biodiversity is estimated at US\$ 6.6-13.6 billion per year

Progress on each of the COP 12 targets (decision XII/3, para.1)

- Target 1 (a): Doubling of international financial flows (2015/2020)
 - *By 2015, DAC member Parties beat this target (130% increase), but fell back slightly in 2016*
- Target 1 (b): Inclusion of biodiversity in national plans (2015)
 - *Moderate progress: among respondents, 68% some inclusion, 32% comprehensive inclusion*
- Target 1 (c): Reporting domestic expenditures, needs, gaps, priorities (2015)
 - *75% reporting target not met for all elements, but good coverage of domestic expenditure among those reporting*
- Target 1 (d): Preparation of national finance plans and valuation (2015)
 - *Only a quarter of reporting Parties had elements of a finance plan, and two thirds reported inadequate resources to do so; but 83% had undertaken some valuation*
- Target 1 (e): Mobilization of domestic financial resources to reduce needs gap (2020)
 - *Some generally positive trends detectable, but it may be challenging to accurately assess progress in 2020 as relatively few Parties have established their needs gap/prepared national plans*

Priorities identified for further action in the Post-2020 Global Biodiversity Framework include...

- Attention towards three complementary components of RM – redirecting/reducing harmful use of resources; generating additional resources; and, better use of all resources
- Enhancing synergies with finance for climate change and the SDGs
- Mainstreaming of biodiversity across public and private sector plans and spending
- Recognising that domestic resources will remain crucial
- Addressing the need to integrate biodiversity comprehensively into the business and financial sectors
- Governments leading by example, as well as creating a strong enabling framework for others to act
- Building capacity in all its forms

2ND REPORT OF THE PANEL OF EXPERTS: ESTIMATION OF RESOURCES NEEDED, AND THE COSTS AND BENEFITS, FOR THE POST-2020 GBF

Key Messages

- Failure to mobilize adequate resources for effectively implementing an ambitious new framework and not being able to use these resources efficiently will have significant global economic costs. A continuation of current levels of conservation funding will lead to economic losses of more than US\$ 500 billion annually in terms of reduced economic growth (0.67 per cent of global GDP annually).

² OECD (2020). *A Comprehensive Overview of Global Biodiversity Finance*. Final report, April 2020:

<https://www.oecd.org/environment/resources/biodiversity/report-a-comprehensive-overview-of-global-biodiversity-finance.pdf>.

- Estimates of future funding needs vary from US\$ 103 billion to US\$ 178 billion (lower estimates) to US\$ 613 billion to US\$ 895 billion (higher estimates) annually. The need for more resources from all sources for the post-2020 GBF seems to be a common conclusion from the different analyses considered, including that undertaken by the Panel of Experts.
- The financial cost of undertaking highly targeted conservation measures does not seem to be prohibitively expensive in terms of the percentage of global GDP implied – ranging from 0.1% to 0.2% of global GDP - and can achieve a high return on investment or “bang for the buck”.
- Not all regions reap the same benefits from increasing investment in conservation, nor do they incur the same opportunity costs. Low-income countries have the highest potential to benefit and are thus the ones most in need of investment.
- There is a need to concentrate efforts not only on mobilizing global resources from all sources for biodiversity, but also on the specific funding mechanisms and their distributional impacts.

Costs and benefits arising from implementing a post-2020 GBF

- As ecosystem functions continue to worsen, current levels of conservation and resource mobilization are not ambitious enough, as shown for instance by the *Global Futures* report (2020)³. This report indicates that the cost to the world's economy from the loss of nature in a business-as-usual scenario would be a cumulative loss of US\$ 9.9 trillion (in discounted terms), over the period from 2011 to 2050.
- The expansion of protected areas to 30 percent from current levels would be expected to generate net global financial and social benefits. In terms of financial benefits, such an expansion would generate annual gross revenues (not considering any opportunity costs) of between US\$ 100 billion and US\$ 312 billion. It would also mean avoided annual losses that would directly affect national economies, due to an increase in ecosystem services from larger tropical forest and mangroves, in the range of US\$ 150 billion to US\$ 210 billion. In terms of the costs of implementation, the investment needed is estimated to be in the range of US\$ 112 billion to US\$ 390 billion annually, including compensation costs.

Resources needed to implement a post-2020 GBF

- Resources needed for expanding protected area coverage alone range from US\$103 billion to US\$ 178 billion per year. These investments are made up of US\$ 67.6 billion annually for the adequate management of current protected areas and between US\$ 35.5 billion and US\$ 110.3 billion per year for the addition of new protected areas, depending on the scenario.
- Global aggregate estimates of resources needed to achieve an ambitious plan of sustainable management of biodiversity by 2030 are between US\$ 631 billion and US\$ 895 billion annually. This aggregation is based on an analysis of resources needed for six activities: (a) protecting 30 per cent of the land and marine areas by 2030; (b) transforming three key economic sectors (agriculture, fisheries, and forestry) into sustainable sectors in three to four years; (c) conserving coastal ecosystems; (d) conserving urban environments; (e) continuous management of invasive species; and, (f) water quality protection for urban areas.
- Projected global financial needs for a business-as-usual scenario are estimated between US\$ 151 and US\$ 306 billion per year using data on domestic expenditures and financial needs from the financial reporting framework of the Convention.
- According to this analysis, and bearing in mind the methodological caveats, global financial needs would increase significantly from current levels in particular if the world keeps on the same path of emissions, production, and land-use change.

3RD REPORT OF PANEL OF EXPERTS: A STRATEGIC APPROACH TO RESOURCE MOBILIZATION IN THE POST-2020 GBF

The 3rd Report serves as a contribution to a draft resource mobilization component of the post-2020 biodiversity framework, as a follow-up to the current strategy for resource mobilization. The report presents a strategic approach to resource mobilization, addressing the gaps identified by the 1st Report in the current strategy for resource mobilisation, and setting out a more comprehensive and coherent pathway forward.

The **key messages** of the report are as follows:

- Effective resource mobilization will require transformative, inclusive and equitable change across economies and society. A strategic approach to resource mobilization should be made up of three interconnected and complementary components:

³ https://www.wwf.org.uk/sites/default/files/2020-02/Global_Futures_Technical_Report.pdf

1. Reduce or redirect resources causing harm to biodiversity
 2. Generate additional resources from all sources to achieve the three objectives of the Convention
 3. Enhance the effectiveness and efficiency of resource use
- Mainstreaming is a fundamental approach to all three of the components, and will be crucial to achieving a whole-of-government, whole-of-economy and whole-of-society approach.
 - A wider range of actors need to take a lead role in resource mobilization, including the private sector and the finance sector, alongside the public sector and civil society.

Component I: Reduce or redirect resources causing harm to biodiversity

Recommended actions:

- Ensure that all **government budgets** result in at least no net harm to biodiversity by putting safeguards in place.
- **Incentives:**
 - Eliminate or reform incentives, including subsidies, that are harmful to biodiversity
 - Develop and scale up incentives to encourage biodiversity-positive behaviour, and to discourage biodiversity-harmful behaviour
- Ensure that **international development finance**, including climate finance, results in at least no net harm to biodiversity
- Incorporate biodiversity impacts, dependencies and risks into the strategies, operations and processes of the **finance sector** with a view to avoiding or minimizing net harm to biodiversity and ecosystems caused by investment decisions. This includes specific roles for central banks, development banks, commercial banks and institutional investors, and the insurance sector.
- Incorporate biodiversity impacts, dependencies and risks into **business** models, operations and practices with a view to avoiding or minimizing harm to biodiversity and ecosystems.

Component II: Generate additional resources from all sources

Recommended actions:

- Increase **domestic public** expenditure on biodiversity, both direct (i.e. where biodiversity outcomes are the primary focus) and indirect (such as nature-based solutions for climate change, or regenerative agriculture).
- Increase direct and indirect biodiversity-related **international development finance** for developing countries and countries in transition, including through mainstreaming biodiversity into climate and other development finance.
- Increase investment from the **finance sector and businesses** in biodiversity-positive projects, including by addressing barriers for investors and project developers. The public sector, development banks, and civil society have roles to play in supporting this, such as through blended finance.
- Enhance the implementation of agreements related to **access** to genetic resources and the **fair and equitable sharing of the benefits** arising from their utilization.

Component III: Enhance the effectiveness and efficiency of resource use

Recommended actions:

- Review and improve, as needed, **governance and planning within the public sector**, including costing NBSAPs, developing national biodiversity finance plans, vertical and horizontal coordination and mainstreaming, and support for community and private protected areas and other effective area-based conservation measures.
- Create effective **partnerships and platforms** to support policy coherence, shared learning and the development and application of joint approaches.

- Enhance **capacity-building, technical assistance and technological cooperation**, on a sustained basis. This is needed within the public sector, as well as in the finance sector and businesses.
- Enhance the effectiveness and efficiency of the flow and uptake of **international development finance**.
- Improve **monitoring and reporting** processes for resource mobilisation.

All of the recommended actions listed above are unpacked in more detail in the 3rd Report, providing more specific steps that should be taken by key actors and elaborating on the challenges that need to be overcome. Suggestions are also made for possible resource mobilisation targets that Parties may wish to consider adopting at COP-15. Parties, international organizations, the business and finance sector, and civil society, should build on what has been achieved and learned to date, and should utilize all opportunities available to accelerate the mobilisation of resources that will be needed for the successful implementation of an ambitious post-2020 global biodiversity framework.