Financial needs-assessment of the post-2020 global biodiversity framework, including GEF-8 assessment

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Convention on Biological Diversity

Background

- In the last 50 years significantly more resources have been allocated to expenditure harming biodiversity than to conserving it
  - To reduce biodiversity loss, adequate resource mobilization is central to the post-2020 global biodiversity framework.

- Paragraph 15 (c) of decision 14/22, on resource mobilization, the Conference of the Parties at its fourteenth meeting tasked the Panel of Experts on resource mobilization:

  "To estimate the resources from all sources needed for different scenarios of the implementation of the post-2020 framework, taking into account the needs assessment of the Global Environment Facility, as well as costs and benefits arising from the implementation of the post-2020 framework".

What does this Report include?

1. Review the potential costs and benefits arising from biodiversity conservation and sustainable use, based on different scenarios.

2. Overview of analyses, underlying methodologies, and resulting estimates of the funds needed for the implementation of a post-2020 GBF, or of elements of such a framework (e.g. increase PAs)

    - Number of different cost estimates for the overall efforts, or subsets of those efforts, that may be needed in the post 2020 period. Does not provide the estimation of the cost of the new framework.

3. Discussion about main differences in methodologies, main conclusions about GEF-8 assessment, and key messages.

Costs and benefits arising from biodiversity conservation efforts

- Global Futures Report (WWF)
- Protecting 30% of the planet for nature: costs, benefits and economic implications (Campaign for Nature, National Geographic and Prof. Waldron)
- The Economics of Biodiversity (Dasgupta Review)

Global Futures Report

- Current levels of conservation and resource mobilization are not ambitious enough.

- Cumulative loss for the economy of US$ 9.9 trillion over the period from 2011 to 2050 (US$ 479 billion annually or a drop of 0.67 per cent in annual global GDP by 2050)

- If 30% of land, marine and coastal areas were protected -> cumulative benefit of US$ 230 billion or US$ 11.3 billion annually (0.02 per cent of global GDP by 2050).

Protecting 30% of the planet for nature: costs, benefits and economic implications

- Estimate expected benefits and costs from expanding protected terrestrial and marine areas to 30% from current levels.
  - Generate net global financial and social benefits in all the scenarios projected
  - PA expansion would generate annual gross revenues between US$ 100 billion and US$ 312 billion from the three sectors considered: nature tourism, agriculture, and fisheries.
  - Generate avoided annual losses in the range of US$ 150 billion to US$ 210 billion.
  - Investment needed: US$ 103 billion to US$ 178 billion annually
- <u>Economically efficient to expand PAs!</u>

The Economics of Biodiversity (Dasgupta Review)

- Portfolio asset management problem: Nature as an asset, like physical and human capital, and advocates the management of all assets more sustainably and efficiently to improve human wealth and wellbeing.
- Humanity has failed to manage sustainably its global portfolio of assets.
  - The stock of natural capital declined by 40% while human capital increased only by 13% in the last 3 decades.
- Governments around the globe pay more to people to exploit nature than to protect it.
  - Total cost of subsidies that damage nature to some US$4 to US$6 trillion per year.
  - Delaying the investments by a decade would imply doubling these social costs to US$ 15 trillion.

Estimates of the funds needed for the implementation of GBF2020

- Financing Nature: Closing the Global Biodiversity Financing Gap (The Nature Conservancy, Paulson Institute, and Prof. Tobin)
- Protecting 30% of the planet for nature: costs, benefits and economic implications (Campaign for Nature, National Geographic and Prof. Waldron)
- UNEP investments needed based on nature-based solutions (Ivo Mulder and Aurelia Blin)
- Funds needed based on NBSAPs (Panel of Experts)

Protecting 30% of the planet for nature: costs, benefits and economic implications

- Forecast the likely budget needs of expanding new protected areas (at constant 2015-dollar values)
- Range from US$ 103 billion to US$ 178 billion per year (4-7 times current levels)
    - 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 PAs.
- Including compensation costs the range would be US$ 112 billion to US$ 390 billion.

Financing Nature: Closing the Global Biodiversity Financing Gap

- Estimated the resources needed to achieve plan of conservation by 2030 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.

- Funding needed: US$ 722 - US$ 967 billion annually

- Finance gap: US$ 599 -US$ 823 billion annually

UNEP investments needed based on nature-based solutions

- Estimates additional investments on nature-based solutions (NbS) needed to meet climate change, biodiversity and land degradation global targets. (3 Rio Conventions)

- US$ 403 billion of additional annual investments are necessary in order to limit the increase of global mean temperature to 2° C, for carbon emissions from land use change to fall and become net negative by 2035, and for biodiversity loss – beyond the historic background rate – to be reduced to zero by 2050

- It is not feasible to separate the proportion targeting only biodiversity

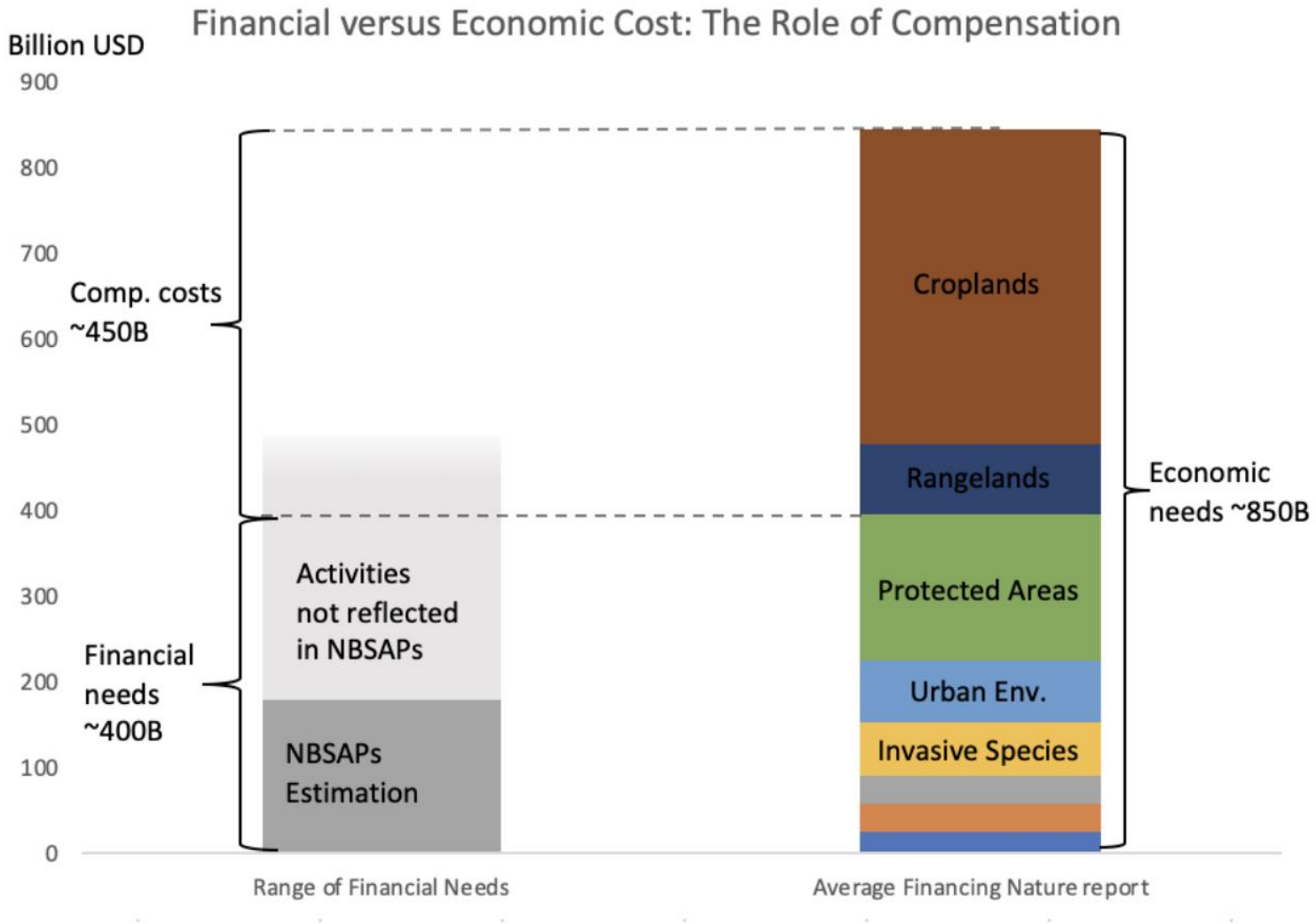
Funds needed based on NBSAPs

- Domestic expenditures and financial needs for implementing the NBSAPs were collected from the financial reporting framework of the Convention.

- Needs are estimated using past domestic expenditures and available country characteristics.

- Global financial needs around USD ~180 billion annually (2-4 times current levels), keeping the same path of emissions, production, and land use change.

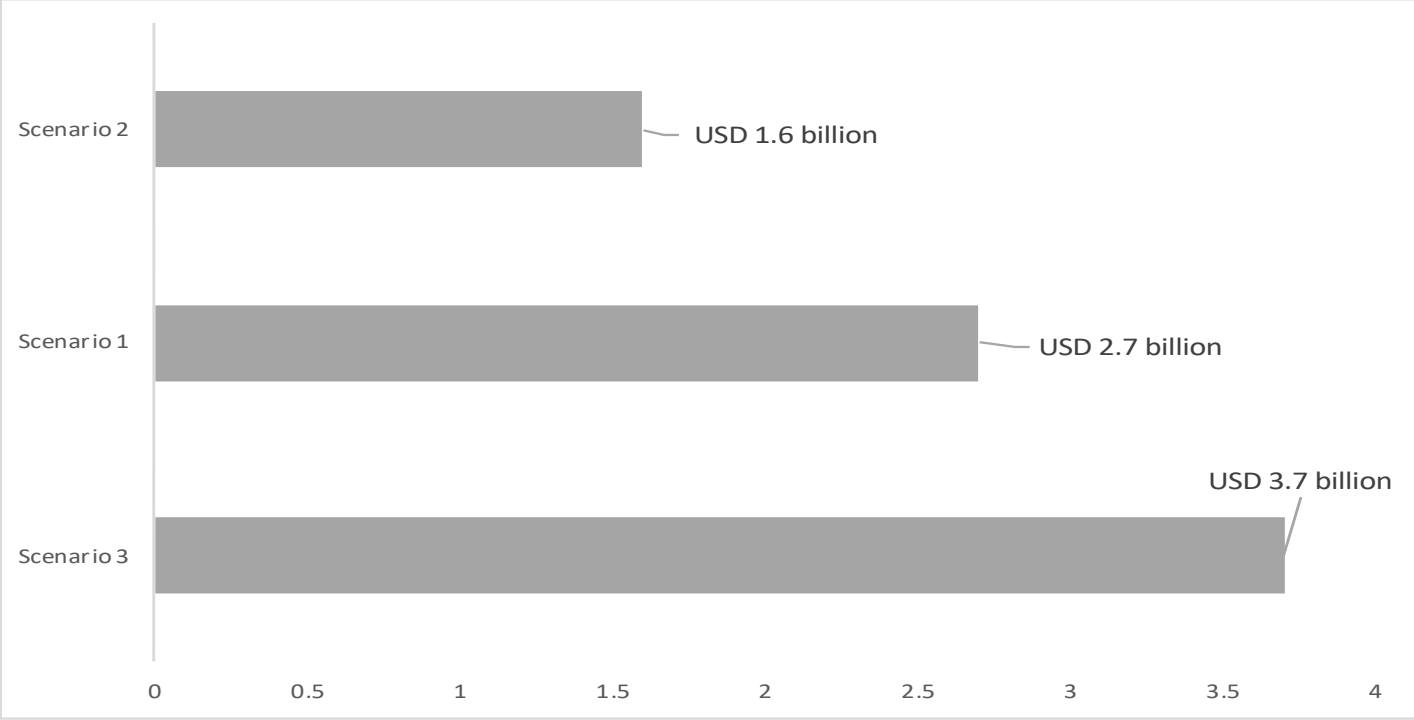
The Role of Compensation Costs



Assessing the financial needs for the GEF-8

- We looked at NR, NBSAPs, financial reports, BIOFIN, interviews, previous reports, etc.
- The quality of the assessment relies heavily on input from GEF-recipient countries:
  - 44 Countries completed the questionnaire (30%)
  - 210 projects (US$ 4.1. billion) – 32% expected to be funded by GEF
- 3 scenarios projected:
  - Scenario 1: difference in STAR allocation GEF-6 and GEF-7.
  - Scenario 2: percentage difference between last STAR allocation and current needs.
  - Scenario 3: statistical analysis projecting needs for all countries based on current needs.

Assessing the financial needs for the GEF-8



- GEF-8 needs to increase substantially to meet future targets.
- Strengthen the focus of GEF on the Protocols of the Convention
- Strengthen linkages with the Green Climate Fund, in order to catalyze additional financing for biodiversity.

Key Messages

- Current level of ambition of resources is not sufficient.
  - Failure to raise adequate resources for effectively implementing an ambitious new framework and not being able to use these resources efficiently will have **significant global economic costs**.

- Compelling economic argument to **allocate more resources for biodiversity conservation**.
  - More resources are needed from all sources for the GBF2020.

- Significant **high returns on investment.**
  - If a more ambitious biodiversity-positive growth trajectory is followed, the financial resources needed will be less than if the world remains on the current trajectory.

- Not all regions reap the same benefits nor incur the same opportunity costs from increasing investment in conservation.
  - There is the need to concentrate efforts not only on raising global resources from all sources for biodiversity, but also on the **specific funding mechanisms and their distributional impacts.**