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SUMMARY OF THE INFORMAL CONSULTATIONS ON RESOURCE MOBILIZATION

Note by the co-chairs of the contact group on item 6 as established by the Subsidiary Body on Implementation at its third meeting

I. INTRODUCTION

1. In paragraph 3 of recommendation 3/6 on resource mobilization,¹ the Subsidiary Body on Implementation at its third meeting (SBI-3) invited the co-chairs of the contact group on item 6, with guidance from the Chair of the Subsidiary Body, in consultation with the Bureau and the Co-Chairs of the Open-ended Working Group on the Post-2020 Global Biodiversity Framework, as appropriate, and with the support of the Executive Secretary, to facilitate an informal consultative process on resource mobilization.
2. The informal consultations were designed to enhance mutual understanding of the issues and of the expectations of the Parties, and to explore opportunities for convergence. They were based on the concepts reflected in the section entitled “additional elements on resource mobilization” of recommendation 3/6 and those reflected in the proposed resource mobilization component provided in annex I to this recommendation.²
3. In paragraph 4 of the same recommendation, the Subsidiary Body recommended that the outcome of the informal consultative process on resource mobilization be made available to the fourth meeting of the Open-ended Working Group on the Post-2020 Global Biodiversity Framework, and to the fifteenth meeting of the Conference of the Parties, as appropriate. Three rounds of virtual informal consultations have taken place in June, October and November 2022. The meetings took place as bilateral, regional as well as global exchanges and happened under Chatham House rules. In order to facilitate the process, the co-chairs prepared background notes, providing lead questions to structure the discussions during the first and second rounds.

II. FIRST ROUND

4. The first round of the informal consultations was held in a virtual format on 7 and 9 June 2022 based on specific questions in particular regarding barriers to the mobilization as well as possible ways to address this.
5. Barriers to effective resource mobilization were shared, with all Parties confirming that they do not have the necessary resources to protect and conserve biodiversity. The specific barriers, however, differed across countries and regions. The lack of commitment to biodiversity by bilateral and multilateral

¹ <https://www.cbd.int/doc/recommendations/sbi-03/sbi-03-rec-06-en.pdf>

² <https://www.cbd.int/doc/recommendations/sbi-03/sbi-03-rec-06-en.pdf>

development banks as well as other international financial institutions compared to their engagements on climate change was highlighted, as was the lack of information on existing sources of international public and private funding. Lack of political will to prioritize biodiversity and assign it the necessary resources, both domestically and internationally was a common barrier, leading to competition with other development priorities and to a lack of demand, which complicates raising the profile of biodiversity in official development assistance discussions or its reflection in ODA envelopes. The lack of recognition and consideration of biodiversity as an asset for financial and socioeconomic development or in national accounting was also discussed and was linked to the lack of political will and failure to properly recognize biodiversity as positive for development: often activities that destroy biodiversity are considered to be positive as they are capable of attracting funding.

6. A key area of convergence identified was the need for more dedicated, predictable and adequate financing flows for biodiversity that allow for long-term sustained support instead of short-term project-based support. There were divergent views, however, on how best to achieve this.

7. Discussions further identified some convergence around the need for the resource mobilization strategy to be an iterative, living document that is adaptable to the changing needs and realities over the coming years, aligned with the post-2020 global biodiversity framework, and that can be kept under review by the Conference of the Parties. There was broad agreement on the urgency for the mobilization of resources, and on the need for a fast track to enable the immediate mobilization of both monetary and non-monetary resources. To achieve this, there is a need to identify what can be done quickly to unlock a chain of action to leverage more funding and lay the ground for long term change and the availability of stable, predictable resources. The need for a wide range of solutions and a diverse toolbox was also stressed.

8. Based on the preliminary report on the first round of consultations,³ regional consultations were held in the margins of the fourth meeting of the Open-Ended Working Group, in Nairobi, from 21-26 June 2022. These regional consultations confirmed that the preliminary conclusions drawn in the preliminary report were a good basis for the continuation of the informal consultative process, facilitated by the co-chairs of the contact group on item 6, as established at SBI-3.

III. SECOND ROUND

9. The second round of informal consultations took place, again in form of two global virtual sessions, on 19 and 20 October 2022, and focused on the issues identified for further consultations in the preliminary report,⁴ and which are to a large extent reflected in the section entitled “Additional elements on resource mobilization”, of recommendation SBI-3/6.

10. The discussions covered the following areas:

- (a) A new dedicated financial instrument for biodiversity;
- (b) Enhancing, expanding and increasing existing financial instruments;
- (c) Enhancing co-benefits of (international) biodiversity funding.

11. There was broad agreement that the current funding situation must be improved, with improved access to and efficient use of existing resources, including by harnessing synergies and enhancing financing through co-benefits (in particular with climate change), while preventing double counting and ensuring transparency and appropriate safeguards. Several noted the need to fundamentally change the way we interact with and understand nature, to shift the balance and make it more attractive to protect rather than to destroy biodiversity.

12. Most agreed that more dedicated resources are needed for biodiversity but views diverge when it comes to the way how to achieve this. Issues with current funding mechanisms were discussed and there

³ Document CBD/WG2020/4/INF/6.

⁴ Document CBD/WG2020/4/INF/6.

was a broad recognition that Parties may face challenges working with the Global Environment Facility (GEF) and that these need to be addressed. Challenges mentioned included scale, access, capacity, speed, overheads and that the GEF is overburdened with different environmental agendas, as well as the gaps in funding. The need to learn from what does or does not currently work was stressed, in order to avoid repeating similar challenges in future. The need to increase and improve the involvement of MDBs and secure their commitment to biodiversity was also discussed. Fragmentation of the funding landscape was raised as a particular problem that can prevent access to funds through lack of awareness and capacity.

13. Some stressed the need for a new instrument to ensure that future funding is predictable, stable, independent, self-sustaining, and dedicated to biodiversity. Some participants supported a “second-generation fund” or a Global Biodiversity Fund as a new instrument that could specifically address the challenges experienced with accessing existing funds, learning from any shortcomings identified of the GEF and the Global Climate Fund and building on best practices. Others however questioned the perceived challenges with the existing instruments and did not support the need for a new instrument, expressing doubt that this would address such challenges or that it could be put in place quickly enough to make a difference. Several also noted the risk of further contributing to an already fragmented biodiversity financing landscape.

14. The question of the source of revenue streams was raised, with some participants suggesting that the discussions on the source of funding need to be disconnected from discussions around the funding mechanism itself. Some participants agreed that there is a need to capture resources from different sources to reach the necessary scale and level of funding; others preferred to focus solely on the obligations in Articles 20 and 21 of the Convention. Some participants identified mainstreaming as an important approach in support of resource mobilization, while others raised concerns in this regard, including in relation to safeguards.

15. Many participants agreed that solutions are not mutually exclusive and that improving existing instruments and mechanisms could be undertaken in parallel to the development of a new instrument, with COP possibly initiating work in two parallel streams: to kick-start resource mobilization short-term while in parallel work towards a long-term solution. It was noted in this context that a strategic approach to international nature finance is needed, which would bring together both new and existing funds and initiatives in a coherent manner; essentially creating a predictable, but adaptable multi-source mechanism to close the gaps left by the existing instruments and mobilise dedicated funds for biodiversity, addressing all three objectives of the Convention.

16. Several questions were raised on the lack of information on the funding gap as well as on the role of national biodiversity strategies and action plans (NBSAPs) and national biodiversity finance plans (NBFPS) to support resource mobilization. Participants noted the importance of addressing the different interpretations of key concepts (e.g., the ‘funding gap’, how to measure, monitor and review the actual expenditure on biodiversity-related activities, etc.).

- **Positive and harmful incentives, including harmful subsidies**

17. A number of participants addressed the role of both positive and harmful incentives, including harmful subsidies in the context of resource mobilization for biodiversity. Views on the role of subsidies remain divergent. Some do not consider subsidies as part of the resource mobilization discussion as they address drivers of biodiversity loss rather than mobilize new and additional resources. Others indicated that avoiding damages caused by harmful subsidies could be conceptualized as ‘savings’ which represent a financial source and should therefore be considered as a key element in the more efficient use of resources. Some pointed out that addressing harmful subsidies could help to finance the transition to a more sustainable economy.

18. Accordingly, some suggested exploring action on harmful subsidies as a potential revenue stream, including in the context of a possible new instrument, with some participants stressing the importance of the work of the WTO in this regard. Several participants considered it important to transform harmful into

positive incentives, but challenges were acknowledged, including: (i) the fact that such revenue would typically go back to the Treasury rather than being re-directed to biodiversity; (ii) the lack of a common definition of ‘harmful’ as this is country-specific, depending on national circumstances, and can be difficult to agree even at national levels; and (iii) the potential for negative socio-economic consequences arising from the elimination or redirection of subsidies.

- **Innovative financing mechanisms**

19. On innovative financing mechanisms (IFMs), participants noted the need to “unpack” the concept and identify the different approaches and their implications. Several participants reported good experiences with ‘positive incentives’, for example using payment for ecosystems (PES) models to create a long-term sustainable market that funds biodiversity. Some doubted whether the scale of contributions from IFMs would ever be sufficient to meet needs. Others pointed to concerns with private sector involvement and therefore the need for safeguards. More information and discussion are needed to understand the potential role of IFMs in developing a dedicated, predictable financing flow at scale while addressing concerns.

- **A predictable flow for society to reinvest in biodiversity**

20. During the first round, some had indicated the need for a mechanism that would allow for the society and the economy at large to reinvest in biodiversity as the basis for its sustainable development. In this context, several ideas had been suggested to create a flow of resources but these also generated quite some comments. The proponents therefore explained some of the proposals, in particular on dedicating a percentage of GDP to biodiversity or having an agreed percentage of retail paid by consumers on products that are based on biodiversity.

21. With regard to the X% GDP, some argued that this approach would generate substantial resources for biodiversity and do so in a fair way as all countries would contribute. Others argued that although this may work at domestic level, it would be difficult to establish as a global requirement.

22. With regards to the ‘biodiversity-levy’, participants heard a presentation from Namibia on a proposed multilateral benefit-sharing mechanism, whereby a percentage of the retail price of all commercial income resulting from “biodiversity products” would be shared through a multilateral benefit-sharing mechanism to support the conservation and sustainable use of biological diversity. The approach generated a lot of interest and participants had a rich exchange based on a number of questions raised in order to better understand the concept.

23. Although many mentioned potential challenges with national budget systems or the practicalities of setting up such a system, several also recognized the importance of looking beyond the usual sources to generate new revenue streams for the conservation and sustainable use of biodiversity. As details of these approaches are still open for discussion, several considered it interesting to further explore them, while others preferred to have a clearer view of how this idea would work before engaging with it.

- **Involvement of private and finance sectors**

24. Participants had a rich exchange of views on the role of involving the private and finance sectors, and the role of associated tools such as the Task Force on Nature Related Financial Disclosures (TFND). In order to engage these actors, it was observed that the biodiversity message needs to be conveyed in simple terms, and it is important to develop metrics and accounting and monitoring accordingly. Some said that the engagement needs to be voluntary, but efforts are needed to make targeted commitments; others emphasized that disclosure requirements could eventually be made mandatory. It is important to understand the difference between private businesses and financial sector, and the links to public finance: the strategic use of public finance could unlock and leverage private finance for biodiversity.

25. Some underlined the linkages between disclosure and financial streams, emphasizing the key importance of “aligning” financial flows, which created positive dynamics under the climate change process

and sent a clear signal to financial institutions. They stressed the urgent need to make the economic case for sustainable and innovative business models, such as bioeconomy, and to make the sustainable use of biodiversity more rewarding than destroying biodiversity. Others recognized this, but also noted the need for standards and regulations to avoid greenwashing while enabling a level playing field. Although many agreed that these should be inclusive and transparent and take into account the challenges of different countries, others cautioned against too complex a standard and regulatory landscape.

IV. THIRD ROUND

26. The third round of informal consultations took place in November 2022 in the form of bilateral and regional exchanges, again under Chatham House rules. The co-chairs used the third round to introduce their thinking to the different regions on how to build on the progress made and information learned during the informal consultations.

27. On the basis of what they heard during the informal consultations, the co-chairs are of the view that in order to make progress on resource mobilization, the Conference of the Parties, at its fifteenth meeting, could consider taking a stepwise approach both with regard to the successor to the Strategy for Resource Mobilization and with regard to a possible global instrument(s) for biodiversity financing based on the short and medium/long term funding needs for the implementation of the post-2020 global biodiversity framework. Key features of such an approach could be provisions for quick-starting resource mobilization and the establishment of a Party-driven process to operationalize resource mobilization medium to long-term, in a manner that would be commensurate with the ambition of the post-2020 global biodiversity framework.

28. When invited to express their views on this conceptual approach, most Parties recognized the potential of the approach while several emphasized the need to avoid any textual phrasing that would pre-judge the outcome of any options. The co-chairs will further explore the concept with Parties in order to provide as much support as possible to the Parties during the negotiations of the relevant issues.

V. CONCLUSION

29. A preliminary report, covering the first round of the informal consultations, was made available to the fourth meeting of the Open-ended Working Group on the Post-2020 Global Biodiversity Framework. Its main points are included, in a succinct manner, in this consolidated report. The present document was further prepared by the co-chairs of the contact group on item 6, building on the preliminary report presented to the fifth meeting of the Working Group on the post-2020 Global Biodiversity Framework, and remains under their responsibility.

30. The informal consultations enabled an open and frank exchange of views among Parties and between the Parties and the co-chairs. This has increased the overall understanding of Parties' positions and concerns as well as of the challenges ahead. The co-chairs will remain in close contact with the Parties through an interactive approach in order to continue building trust and allowing for the open exchanges that are essential to find the common ground that will allow the Conference of the Parties, at its fifteenth meeting, to adopt a resource mobilization decision that would provide effective and commensurate support to the implementation of the post-2020 global biodiversity framework.
