



Convention on Biological Diversity

Distr.
GENERAL

CBD/SBI/3/INF/47
15 March 2022*

ENGLISH ONLY

SUBSIDIARY BODY ON IMPLEMENTATION

Third meeting (resumed)
Geneva, Switzerland, 14-29 March 2022
Agenda item 6

SUPPLEMENTARY INFORMATION ON EFFECTIVE AND FEASIBLE PATHWAYS FOR CLOSING THE BIODIVERSITY FINANCE GAP:

A NOTE BY THE PANEL OF EXPERTS ON RESOURCE MOBILIZATION

Note by the Executive Secretary

1. The Panel of Experts on Resource Mobilization, mandated by decision 14/22, has produced three reports:¹ (a) evaluation and review of the strategy for resource mobilization and Aichi Biodiversity Target 20; (b) an estimation of the resources needed for implementing the post-2020 global biodiversity framework; and, (c) strategic approach to resource mobilization in the post-2020 global biodiversity framework.
2. In view of the considerable time that has elapsed since the first and third of these reports were completed and the range of informal discussions that have taken place virtually in the Open-Ended Working Group on the Post-2020 Global Biodiversity Framework (WG2020), the Subsidiary Body on Implementation and the Subsidiary Body on Scientific, Technical and Technological Advice, as well as in other settings, the Co-Chairs of the Working Group have now sought further input from the Panel of Experts on effective and feasible pathways for closing the biodiversity financing gap, including potential policy actions and mechanisms. The Co-Chairs also sought advice on how resource mobilization for the achievement of draft Target 3 in the GBF might most effectively be approached. This note, intended to assist Parties at the meetings to be held in Geneva in March 2022, responds to that request. As it has been prepared to a short timescale, it was not possible for the Expert Panel to undertake any new quantitative analysis.

* Reissued for technical reasons on 15 March 2022.

¹ CBD/SBI/3/5/Add.1, Add.2/Rev.1, and Add.3.

EFFECTIVE AND FEASIBLE PATHWAYS FOR CLOSING THE BIODIVERSITY FINANCE GAP: A NOTE BY THE PANEL OF EXPERTS ON RESOURCE MOBILIZATION**KEY MESSAGES**

- The Panel of Experts welcomes the fact that the three-pronged approach to resource mobilization and related actions which they recommended are largely captured by a combination of draft Targets 14, 15, 16, 18 and 19 of the draft GBF.
- The Panel considers that actions to meet ‘mainstreaming’-related targets are an indispensable element of resource mobilization.
- This should include not only the corporate sector but also the financial sector, so that over time there is a comprehensive alignment of all global financial flows with the objectives of the GBF.
- While the methodological assumptions underlying, and hence estimates of, the size of the biodiversity finance gap vary, it is in the order of several hundred billion dollars per year, so the quantitative elements of Targets 18 and 19 are, in the Panel’s view, in the right order of magnitude.
- Setting out an effective and feasible pathway for closing the finance gap is therefore now vital.
- A useful starting point for reducing the harmful expenditure underpinning production patterns (draft Target 15) is for countries to identify the economic sectors with the greatest impact and dependency on nature, and seek to put in place a supportive policy and regulatory framework to enable change.
- On consumption patterns (draft Target 16), by harnessing the power of citizens’ individual decisions – including those they make through their financial transactions – the opportunity exists to reduce overall expenditure harmful to biodiversity and potentially to increase the funding going to nature positive activities.
- Countries will need to identify the most harmful subsidies (draft Target 18) within their own national context, and to consider the use of positive incentives, including subsidies (e.g. direct budgetary payments and indirect subsidies such as tax exemptions) in sectors such as agriculture, fisheries, forestry, infrastructure, energy and extractive industries.
- Such national assessments related to draft Targets 15 and 18 should start as early as possible, preferably as part of the process of developing national biodiversity finance plans.
- National biodiversity finance plans will help to guide countries in achieving all of the draft Targets related to resource mobilization, so their development and subsequent implementation should be prioritised and ideally undertaken within the next 2 to 3 years.
- Improving national capacity and ability for the uptake of funds will allow all available financial resources to be used in the most effective way, and early investment in such capacity building would make good financial and practical sense.
- Closing the finance gap for protected areas and OECMs should be part of national strategies and biodiversity finance plans.
- The Expert Panel’s three-pronged approach to resource mobilization applies as much to PAs and OECMs as to other areas.
- PAs and OECMs will need diverse sources of funding, in recognition that they provide a range of public goods which may require public funds.

I. CLOSING THE BIODIVERSITY FINANCE GAP

1. The 2nd Report of the Panel of Experts highlighted that there are a range of estimates for the funds needed for the implementation of the post-2020 global biodiversity framework, whose level of ambition has of course not yet been finalized. As noted in this report, estimates on future funding needs differ significantly, varying from lower estimates of US\$ 103 billion to US\$ 178 billion – solely to secure 30% terrestrial and marine protected areas by 2030 - to higher estimates of US\$ 403 billion² and US\$ 711 billion annually.³ The differences are mainly due to (a) genuine methodological differences given the wide range of scopes (see below); (b) different (narrower or broader) concepts of relevant types of costs, in particular financial cost and opportunity cost, the latter driving total costs substantially upward, depending on the extent to which countries decide to compensate for the transition costs in different economic sectors; and, (c) different (narrower or broader) concepts of what constitutes biodiversity-relevant expenditures or investments. These considerations were explored in the Expert Panel Webinar held on 14 December 2021.⁴
2. Resource mobilization aims to close this financing gap, and together with more ambitious policies to strengthen biodiversity protection, is central to transformative change needed for the success of the post-2020 global biodiversity framework. In its 3rd Report, the Panel of Experts recommended a three-pronged approach to resource mobilization and closing the finance gap, addressing the need to:
 - Reduce or redirect resources causing harm to biodiversity;
 - Generate additional resources from all sources to achieve the three objectives of the Convention;
 - Enhance the effectiveness and efficiency of use of resources mobilized.⁵
3. These three components and the related recommended actions are largely captured by the current draft Targets of the First Draft of the Post-2020 Global Biodiversity Framework⁶, specifically Targets 14, 15, 16, 18 and 19 (see Box 1, below). Some of these Targets can be considered “Mainstreaming” Targets, which in the view of the Panel is inextricably linked to specific resource mobilization actions needed to closing the finance gap. This Note therefore deals with both aspects.
4. As requested by the Co-Chairs of the Working Group, the note aims to provide some insights towards developing an effective and feasible trajectory for closing the biodiversity finance gap, to assist Parties’ consideration of how this might be achieved in practice by using all the mechanisms available for both resource mobilization and mainstreaming.
5. The Expert Panel notes that, in their “Reflections” document (CBD/WG2020/3/6), in relation to Goal D the Co-Chairs have observed that “Given the significance of the financial gap and fiscal reality, there is a need to marshal all sources of funding, including from the private sector, which can be achieved through better disclosure, accounting.” The Panel’s view is that while accounting and disclosure will be essential – and that the Beta framework of the Task Force on Nature-related Financial Disclosures, due to be released this month, will be a significant step to build momentum towards this – the

² <https://www.unep.org/resources/state-finance-nature>

³ <https://www.paulsoninstitute.org/conservation/financing-nature-report/>

⁴ <https://www.cbd.int/financial/rm2020.shtml>

⁵ CBD/SBI/3/5/Add.3

⁶ CBD/WG2020/3/3

comprehensive alignment over time of all global financial flows with the objectives of the GBF will be needed.

6. “Aligning flows” means channelling financial investments – public and private – towards economic activities that enhance our stock of natural assets and encourage sustainable consumption and production. Relying on mobilizing ever larger quantities of conservation finance as the only way to bridge the biodiversity finance gap will make it difficult if not impossible to mobilize the resources needed to realize the CBD’s ambitious 2050 Vision.⁷ In addition, alignment of the vast financial flows which are managed by both private and public financial institutions globally – ‘greening finance’ - should be seen as an essential component of resource mobilization, not something distinct from it, and one which has the potential to result in real transformational change.
7. Even the very large sums of money which are starting to flow to climate finance are modest in comparison with the overall scale of global financial flows in which the needs of biodiversity are rarely, if ever, taken into account: US\$ 350 trillion of funds managed by global capital markets; consumer spending of over US\$ 50 trillion annually; and, global debt, which reached US\$ 226 trillion in 2020, with sovereign debt markets alone some US\$ 80 trillion a year, all of which will need to be aligned with the objectives of the post-2020 global biodiversity framework. Even among public development banks, in which Governments are the major shareholders, around US\$ 800 billion annually of their lending is estimated to put nature at risk.⁸ There is also a growing body of literature - for instance in the work of the Finance for Biodiversity Initiative (F4B)⁹ - and an increasing level of recognition, including within the financial sector, about how management of nature-related risks now need to be put on a par, and ideally integrated with, management of climate-related risks if both economic and environmental stability are to be secured globally in the future.

Box 1: Targets from the *first draft of the post-2020 global biodiversity framework* helping to close the finance gap

Target 14. Fully integrate biodiversity values into policies, regulations, planning, development processes, poverty reduction strategies, accounts, and assessments of environmental impacts at all levels of government and across all sectors of the economy, ensuring that all activities and financial flows are aligned with biodiversity values.

Target 15. All businesses (public and private, large, medium and small) assess and report on their dependencies and impacts on biodiversity, from local to global, and progressively reduce negative impacts, by at least half and increase positive impacts, reducing biodiversity-related risks to businesses and moving towards the full sustainability of extraction and production practices, sourcing and supply chains, and use and disposal.

Target 16. Ensure that people are encouraged and enabled to make responsible choices and have access to relevant information and alternatives, taking into account cultural preferences, to reduce by at least half the waste and, where relevant the overconsumption, of food and other materials.

Target 18. Redirect, repurpose, reform or eliminate incentives harmful for biodiversity, in a just and equitable way, reducing them by at least US\$ 500 billion per year, including all of the most harmful subsidies, and ensure that incentives, including public and private economic and regulatory incentives, are either positive or neutral for biodiversity.

⁷ “By 2050, biodiversity is valued, conserved, restored and wisely used, maintaining ecosystem services, sustaining a healthy planet and delivering benefits essential for all people”

⁸ https://www.f4b-initiative.net/files/ugd/643e85_ea2c44eb75674343ba89f690ecc4f8a6.pdf

⁹ <https://www.f4b-initiative.net/publications-1>

Target 19. Increase financial resources from all sources to at least US\$ 200 billion per year, including new, additional and effective financial resources, increasing by at least US\$ 10 billion per year international financial flows to developing countries, leveraging private finance, and increasing domestic resource mobilization, taking into account national biodiversity finance planning, and strengthen capacity-building and technology transfer and scientific cooperation, to meet the needs for implementation, commensurate with the ambition of the goals and targets of the framework.

8. The Expert Panel recognizes that the Goals and Targets in the draft GBF are not finalized, and may change as the Parties deliberate up to and during the fifteenth meeting of the Conference of the Parties. We also note that these are global targets, and there will be substantial variation on how best to implement these targets at a country level. With particular reference to the quantitative elements presented in Targets 18 and 19, we recognize that, while these amounts were drawn from best available information, there remains uncertainty on the exact amounts needed. Despite this, it is clear that the funding needs are high, no matter what analysis is drawn on, and chasing a perfect ‘number’ is ultimately not helpful at this point. Setting out an effective and feasible pathway for closing the finance gap is therefore now vital.

II. RELEVANT DRAFT TARGETS IN THE GBF

Target 14

Draft Target: Fully integrate biodiversity values into policies, regulations, planning, development processes, poverty reduction strategies, accounts, and assessments of environmental impacts at all levels of government and across all sectors of the economy, ensuring that all activities and financial flows are aligned with biodiversity values.

9. Integrating biodiversity into policies, regulations, planning, development processes, poverty reduction strategies, accounts and assessments of environmental impacts at all levels of government and across all sectors of the economy is a fundamental building block for achieving many of the other resource mobilization-related Targets, because it can have a significant impact both on reducing harmful expenditure and increasing positive expenditure. As such, actions to achieve this target should be initiated with urgency. In order for such mainstreaming to be institutionalized, capacity will need to be built in different sectors, indicating a long-term commitment to transformational change. Integrating biodiversity into decision-making requires that the full gamut of policies to protect and sustainably use biodiversity are scaled up and made more ambitious. These policies include the range of regulatory (command-and-control) policies, economic instruments, and information and voluntary approaches.
10. Choosing where to start in each country will be dependent upon national circumstances. When prioritizing sectors at a country level, it will be important to identify and then prioritize those sectors placing the largest pressures on biodiversity, and driving biodiversity loss. Integrated planning processes will be an important tool. As noted above action to address those sectors with the biggest impact on biodiversity will also need to recognise that in order to align all financial flows with the ambition of the GBF, the financial sector will need to undergo transformative change in the way it approaches biodiversity, comparable to that seen in its approach to climate change.

Target 15

Draft Target: All businesses (public and private, large, medium and small) assess and report on their dependencies and impacts on biodiversity, from local to global, and progressively reduce negative impacts, by at least half and increase positive impacts, reducing biodiversity-related risks to businesses and moving towards the full sustainability of extraction and production practices, sourcing and supply chains, and use and disposal.

Key points

11. This Target will only be reached with decisive government action, specifically but not limited to legislation and regulatory standards. Changing policies and legislation usually takes time, but if this is prioritized by governments early on the effects can be felt in the private sector in time for this Target to be met. Countries should in the first instance identify the economic sectors with the greatest impact and dependency on nature, and seek to put in place a supportive policy and regulatory framework to enable them to meet this target in the most expeditious way.
12. Action by the finance sector must be part of achieving this target. Efforts to develop standards, metrics, indicators, and methodologies for reporting biodiversity-related dependencies, impacts and risks should be prioritized early on, in order to fully achieve this Target by the end date. The Beta work of the Taskforce on Nature-related Financial Disclosures' (TNFD) framework, expected to be released shortly, and the work of other organizations moving towards an integrated approach to the management of nature and climate risk - such as the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), the International Sustainability Standards Board (ISSB) and the Science-based Targets Network (SBTN) - all demonstrate that a strong foundation is now being laid for action by businesses and financial institutions towards achievement of this Target.

Target 16

Draft Target: *Ensure that people are encouraged and enabled to make responsible choices and have access to relevant information and alternatives, taking into account cultural preferences, to reduce by at least half the waste and, where relevant the overconsumption, of food and other materials.*

13. While this is largely seen as a 'Mainstreaming' Target, it is closely associated with resource mobilization and closing the finance gap, as achieving this target results in reducing harmful expenditure.
14. Early action towards achievement of this target is important, so that citizens feel that their individual actions have a collective impact and that the huge growth in public awareness around the world of the severity of the threats to biodiversity and climate, and their interrelationship, is translated into changes in behaviour when it comes to consumption choices. Food, transport, and energy are among the sectors where such choices could have early demonstrable impact, and where changing patterns of consumption, and the production processes which underpin them, will translate through to the resource mobilization equation. By harnessing the power of citizens' individual decisions at scale, the opportunity exists to reduce overall expenditure that is harmful to biodiversity and potentially to increase the funding going to nature positive activities.
15. Economic instruments, regulation, and information and voluntary instruments (such as biodiversity-relevant green standards, certification and impact measurement, eco-labelling and environmental traceability) can all be applied to encourage and enable people to make responsible choices.
16. The financial sector has a role to play here too, as most citizens, whether in developed or developing countries, have a relationship with retail financial institutions of one kind or another, whether for purchases, investments, pensions, or insurance.
17. Harnessing the power of digital technology to support more nature- and climate-friendly citizen choices at every point of these interactions, has huge potential to support progress towards achievement of this Target. Initiatives such as the Every Action Counts Coalition (EAC),¹⁰ which aims to engage one billion green digital champions via mobile payment platforms from around the world, illustrate the vast as yet untapped scope which exists to turbo-charge this approach.

Target 18

Draft Target: *Redirect, repurpose, reform or eliminate incentives harmful for biodiversity, in a just and equitable way, reducing them by at least US\$ 500 billion per year, including all of the most harmful*

¹⁰ <https://greendigitalfinancealliance.org/initiatives-publications/eac-coalition/>

subsidies, and ensure that incentives, including public and private economic and regulatory incentives, are either positive or neutral for biodiversity.

18. Reforming incentives harmful for biodiversity, including the most harmful subsidies, is crucial for the transformative change needed to meet the goals and targets of the post-2020 global biodiversity framework and for closing the biodiversity finance gap. While this can be a complex and politically sensitive process, tackling this issue has the potential to make such a significant contribution to closing the biodiversity finance gap that it deserves the highest priority.
19. This Target addresses harmful incentives,¹¹ including subsidies harmful to biodiversity, as well as the role of other incentives that will have a positive or at the least neutral outcome for biodiversity. These include regulatory (command-and-control) policies, economic instruments,¹² and information and voluntary approaches.
20. With regard to harmful subsidies, countries will need to identify the most harmful subsidies within their own national context. It will be important to consider subsidies (e.g. direct budgetary payments and indirect subsidies, such as tax exemptions) in sectors such as agriculture, fisheries, forestry, infrastructure, energy and extractive industries. Other types of harmful incentives, for example in the context of agriculture, include policy measures that artificially inflate prices above international levels (such as trade protection measures via market price support), should also be considered.
21. The potentially most environmentally harmful (and market distorting) support to agriculture is estimated at US\$ 345 billion across 54 countries.¹³ The latest joint OECD and IEA estimate show that government support for the production and consumption of fossil fuels across 81 major economies totalled US\$ 351 billion in 2020. Of this, fossil fuel support is estimated to be USD 183 billion in 2020 in 50 advanced and emerging economies (OECD, BRIICS and EU Eastern Partnership countries)¹⁴. Subsidies harmful to the environment in marine capture fisheries are estimated by University of British Columbia and Oceana to be US\$ 24 billion in 2018,¹⁵ with the World Bank estimating the value of illegally harvesting catch to be US\$ 26 billion.¹⁶
22. While reforming subsidies harmful to biodiversity is clearly an important action, it is however, only one side of the coin. In order to reflect the true values of biodiversity and associated ecosystem services into economic decision-making, it is necessary to also address the market failures that are caused by the fact that ecosystem services such as pollination, nutrient cycling, erosion control, and carbon sequestration are effectively treated as if they have no value at all – they are treated as if they are free. This results in the over-exploitation of natural resources and in excess pollution. This market failure can be addressed by putting in place economic instruments so as to internalize the external costs. Such economic incentives are intended to bridge the gap between private and social costs and benefits. The suite of economic instruments include biodiversity-relevant taxes, fees and charges, tradeable permits, payments for ecosystem services and biodiversity offsets. These incentives provide market signals to either discourage environmentally harmful behavior (e.g. taxes, fees and charges, tradable permits) or

¹¹ Sometimes referred to as ‘perverse incentives’

¹² Also referred to as economic incentives, or incentive-based mechanisms

¹³ OECD (2021) *Biodiversity Natural Capital and the Economy*. (<https://www.oecd.org/environment/biodiversity-natural-capital-and-the-economy-1a1ae114-en.htm>)

¹⁴ <https://www.oecd.org/fossil-fuels/>

¹⁵ Skerritt and Sumaila (2021), in Koplow, D., Steenblik, R. (2022) Protecting nature by reforming environmentally harmful subsidies: The role of business. Earth Track. <https://www.earthtrack.net/document/protecting-nature-reforming-environmentally-harmful-subsidies-role-business>

¹⁶ World Bank (2019), in Koplow, D., Steenblik, R. (2022) Protecting nature by reforming environmentally harmful subsidies: The role of business. Earth Track. <https://www.earthtrack.net/document/protecting-nature-reforming-environmentally-harmful-subsidies-role-business>

- encourage environmentally positive behavior (e.g. payments for ecosystem services, or environmentally-motivated subsidies).
23. Without these biodiversity positive incentives to promote biodiversity conservation and sustainable use, the true values of biodiversity will not be reflected in market prices. The lack of these incentives effectively means that the value of biodiversity is zero. It is these incentives that can encourage the necessary transition to more environmentally sustainable pathways. Such incentives are therefore also crucial to help close the finance gap. Indeed, without these more permanent incentives, the biodiversity finance gap is likely to continue to grow indefinitely, as global population continues to grow and the demand for natural resources inevitably rises, driving further biodiversity loss. Regulatory policies (e.g. standards and restrictions on use), and information and voluntary approaches (e.g. ecolabelling) can also be applied to conserve and sustainably use biodiversity.
 24. Different country contexts require a different suite of policy tools and approaches to ensure environmental and social objectives are met. Countries should start by addressing the most significant drivers of biodiversity loss first.
 25. The Expert Panel encourages countries to start on national assessments, preferably as part of the process of developing national biodiversity finance plans, as early as possible. These assessments should identify harmful subsidies, as well as identifying the drivers of biodiversity change, and include approaches to best address these drivers of change using regulatory (command-and-control) policies, economic instruments and information-based approaches. The Panel recommends that the completion of these assessments, as a component of national biodiversity finance plans, should be a milestone indicator (see section 3 for more guidance on this).

Target 19

Draft Target: Increase financial resources from all sources to at least US\$ 200 billion per year, including new, additional and effective financial resources, increasing by at least US\$ 10 billion per year international financial flows to developing countries, leveraging private finance, and increasing domestic resource mobilization, taking into account national biodiversity finance planning, and strengthen capacity-building and technology transfer and scientific cooperation, to meet the needs for implementation, commensurate with the ambition of the goals and targets of the framework.

26. While recognizing the many competing financial pressures globally, the Expert Panel believes that it will be important for Parties to prioritise the allocation of resources needed to meet all the Targets agreed in the GBF. As the Panel emphasised in its 3rd Report, improving national capacity and ability of uptake of funds will allow all available resources to be used in the most effective way. Early investment in such capacity building would therefore make good financial and practical sense. In the view of the Panel, an early focus is also needed by Parties on bringing about systemic change that can mobilize more resources for biodiversity and on reducing expenditure and incentives that cause harm, as this will ultimately reduce the total amount needed from domestic and international sources to help bridge the finance gap. This includes activities focussed on capacity-building, mainstreaming biodiversity into the business and finance sectors as well as national and local integrated planning, legislative and policy changes, and seeking much stronger synergies with climate funding. None of these should be a substitute for dedicating funding towards more ‘traditional’ actions to protect and restore biodiversity, which is urgently needed.
27. In the light of this, Parties may wish to consider establishing some Milestones for this Target towards 2030, which would signal a level of ambition and pace consistent with the urgency of the task that the GBF is addressing. The Expert Panel considers that, if consensus can be reached on both substantive and process milestones that can help track the increase in resources mobilized under Target 19, this would be worthwhile. This could include milestones related to: the proposal for US\$ 200 billion per year from all sources; for an increase in US\$ 10 billion per year in international financial flows to

developing countries; for domestic expenditure; and, for private sector flows. The Panel notes the proposals for indicators on this and other resource mobilization-related Targets contained in the SBSTTA-24 non-paper on the proposed monitoring framework and hopes that these can be further refined and agreed upon in the near future.

28. National biodiversity finance plans will help to guide countries in achieving all of the Targets related to resource mobilization, and the development and subsequent implementation of such plans should be prioritised as a milestone early on in the process – ideally within the first two to three years (see section 3 for more on national biodiversity finance plans).

Target 3: Protected areas and other effective area-based conservation measures

Draft Target: *Ensure that at least 30 per cent globally of land areas and of sea areas, especially areas of particular importance for biodiversity and its contributions to people, are conserved through effectively and equitably managed, ecologically representative and well-connected systems of protected areas and other effective area-based conservation measures, and integrated into the wider landscapes and seascapes.*

29. One resource mobilization issue on which the Co-Chairs of the Working Group have specifically sought the view of the Panel of Experts is how best to close the finance gap for meeting the Target 3, on protected areas and other effective area-based conservation measures (OECMs).
30. We encourage countries to develop a strategy for closing the finance gap for protected areas and OECMs, considering a range of approaches¹⁷ suitable to that country context, while still ensuring ecological representation; connectivity; and benefits to people. The three components of resource mobilization for the global biodiversity framework are just as relevant to closing the finance gap for protected areas and OECMs. Ideally, this strategy would form part of a broader national biodiversity finance plan.
31. Countries should consider a range of different governance types for protected areas and OECMs within a country's legal and institutional frameworks, and support protected areas and OECMs governed by indigenous peoples, local communities and private actors. Under the right conditions, these governance types can be more cost effective for governments than state-owned and -managed protected areas, while having the same or better biodiversity outcomes,^{18 19 20 21} and delivering a range of other socio-economic benefits.

¹⁷ Cumming, Seidl, Emerton, Spenceley, Golden Kroner, Uwineza, van Zyl (2021) Building sustainable finance for resilient protected and conserved areas - lessons from COVID-19. Parks (27)

¹⁸ Bingham, H.C., Fitzsimons, J.A., Mitchell, B.A., Redford, K.H., Stolton, S. (2021) *Privately Protected areas: missing pieces of the global conservation puzzle*. Frontiers in Conservation Science. (<https://doi.org/10.3389/fcosc.2021.748127>)

¹⁹ Corrigan, C., Bingham, H., Yichuan, S., Lewis, E., Chauvenet, A., Kingston, N., (2018) *Quantifying the contribution to biodiversity conservation of protected areas governed by indigenous peoples and local communities*. Biological Conservation vol. 227, 403-412 (<https://doi.org/10.1016/j.biocon.2018.09.007>)

²⁰ Ivanova, I.M., Cook, C.N. (2020) *The role of privately protected areas in achieving biodiversity representation within a national protected area network*. Conservation Science and Practice 2 (12). (<https://doi.org/10.1111/csp2.307>)

²¹ WWF, UNEP-WCMC, SGP/ICCA-GSI, LM, TNC, CI, WCS, EP, ILC-S, CM, IUCN. *The State of Indigenous Peoples' and Local Communities' Lands and Territories*. Gland, Switzerland (2021). (https://wwfint.awsassets.panda.org/downloads/report_the_state_of_the_indigenous_peoples_and_local_communities_lands_and_territories.pdf)

32. Spending effectiveness and efficiency in protected areas and OECMs can be improved by investing in capacity for planning (including budgeting) and management. Kazakhstan, for example, is currently running training programmes for protected area managers on developing management plans and effectively budgeting for protected areas, and New Zealand runs programmes for landowners managing their own conservation sites to help build capacity in range of areas.
33. Ideally, the funding base for protected areas and OECMs should be diverse to avoid over-dependence on one single funding source. Some protected areas and OECMs naturally lend themselves to revenue generation (such as through user fees), some or all of which can be reinvested. In these cases, this funding source should be supported, building on the growing interest in ‘funding green’ in the finance sector. However, it is not possible for all protected areas to generate revenue, and it is important to continue to recognise that protected areas and OECMs provide a public good, and may require public funds, both international and domestic.
34. Domestic budgets should continue to support protected areas and OECMs, recognising the role that these areas play in securing natural capital and supporting job creation and rural livelihoods; water provisioning services, disaster risk reduction, carbon sequestration and other natural-based solutions to climate change; and tourism, for example, alongside securing the intrinsic value of biodiversity. Government support should also include integrating protected areas and OECMs into national planning processes to avoid unnecessary and costly pressure on these sites, such as incompatible land use in or near them.
35. The finance sector and businesses should also be called on to reduce harmful and costly impacts on protected areas and OECMs, through applying social and environmental safeguards, and monitoring and reporting on adherence to these safeguards. This includes efforts to reduce wildlife crime, the management of which can be an extremely costly exercise for protected areas and OECMs.
36. Areas of biodiversity significance are not evenly distributed around the world, and neither is the ability to fund these areas²². A soon to be released publication by Waldron et. al. shows that in order to meet the draft Target 3, lower income countries could face considerably larger financial burdens in relative terms than High-Income countries, as well as larger increases in the amount of territory under conservation. Meeting Target 3 will require an increase in international development finance and philanthropy, improving access to information on funding opportunities and support for potential recipients in applying for funding. Furthermore, donor funding for protected areas and OECMs should be aligned with the long-term needs of these areas, and ideally come with long-term commitments (such as through the use of trust funds). In addition to direct funding flows, the application of different financial instruments, such as nature performance bonds and other debt- and nature-related instruments, have the potential to be useful mechanisms to increase international financial flows in support of increasing protected areas and OECMs. Such mechanisms may be of particular importance to Upper-Middle-Income countries, which may need to increase their conservation expenditure substantially, while currently receiving limited official development assistance for protected areas (Waldron et. al. in press).

III. NATIONAL BIODIVERSITY FINANCE PLANS

37. Closing the biodiversity finance gap in a coherent, timely, and effective way will require prioritisation and planning. At a national level, **national biodiversity finance plans** will be a powerful tool to help

²² Waldron, A., Miller, D.C., Besancon, C., Watson, J.E.M., Adams V.M., Sumaila, U.R., Garnett S.T., Balmford A. (in press) *The costs of global protected-area expansion (Target 3 of the post-2020 Global Biodiversity Framework) may fall more heavily on lower-income countries*. Working Paper WACC4.2022. (<https://workingantconsultancy.com/global-protected-area>)

guide countries towards the highest priorities for action, and should be completed **within two to three years** at the most, following the finalisation of the Global Biodiversity Framework. This may require financial and/or technical support to some countries. Those countries with existing national biodiversity finance plans (such as the BIOFIN countries) can use this time to review their NBFs and update them if necessary.

38. National biodiversity finance plans can help countries, among other things, to identify the most harmful subsidies, the most pressing financial needs, and sources of additional funds, by fully reflecting the country context. National biodiversity finance plans should examine the root causes of biodiversity loss, current expenditure on biodiversity, funding needs, and the role of key institutions, legislation, and stakeholders. A national biodiversity finance plan should address all three components of resource mobilization, namely: reducing or redirecting resources causing harm to biodiversity; generating additional resources from all sources; and, enhancing the effectiveness and efficiency of use of resources mobilised.²³ A well-designed process for developing a national biodiversity finance plan should build stakeholder support, and create partnerships and platforms for key role-players to continue working together in implementing biodiversity finance solutions once the national biodiversity finance plan is completed. A global community of practice can help to share lessons on developing national biodiversity finance plans, identifying and addressing subsidies harmful to biodiversity, and implementing finance solutions.

²³ The UNDP Biodiversity Finance Initiative (BIOFIN) has a methodology for developing biodiversity finance plans that addresses these criteria, and could be one such methodology that countries could follow. The BIOFIN methodology can be found at: https://www.biofin.org/sites/default/files/content/publications/BIOFIN%20Workbook%202018_0.pdf