UN environment programme

CBD/SBI/7/3/Add.4

Convention on Biological Diversity

Distr.: General
3 June 2026

Original: English

Subsidiary Body on Implementation
Seventh meeting
Nairobi, 4–12 August 2026
Item 4 (a) of the provisional agenda*
Resource mobilization and financial mechanism: resource mobilization

Impediments to the effectiveness of global biodiversity finance

Note by the Secretariat

I. Introduction

1. In its decision 16/34, the Conference of the Parties to the Convention on Biological Diversity decided to implement Articles 21 and 39 of the Convention and to address the global biodiversity finance gap by 2030 by:

(a) Establishing the permanent arrangement for the financial mechanism envisioned under Article 21 of the Convention;

(b) Assessing and improving the mobilization of finance from all sources.

2. To make progress towards those objectives, in the same decision, the Conference of the Parties established intersessional processes on the basis of initial road maps that included the achievement by the seventeenth meeting of the Conference of the Parties the following:

(a) The further development of the criteria for the institutional structure to operate the financial mechanism, taking into consideration the views compiled in annex II to decision 16/34;

(b) The identification of impediments to the effectiveness of global biodiversity finance and, on that basis, the recommendation of elements for its further enhancement.

3. The present document provides, in relation to subparagraph 2 (b) above, a coherent analytical foundation to support the deliberations of the Subsidiary Body on Implementation on the matter at its seventh meeting. The actions already recognized by Parties in paragraph 20 of decision 16/34 that could further contribute to addressing the global biodiversity finance gap have been considered in the analysis. The implementation and effectiveness of many of those actions are impeded, and those actions are therefore analysed as part of the wider review.

4. In addition, impediments have been identified from the review of the implementation of the strategy for resource mobilization, provided in document CBD/SBI/7/3/Add.2 and the accompanying information document, which was prepared using recently submitted seventh national reports and the most recent available data and reporting published since the adoption of decision 16/34.

* CBD/SBI/7/1.

5. Furthermore, the analysis in the present report was informed by the views and examples shared by participants in the workshop on resource mobilization that was facilitated by the Secretariat in Rome from 10 to 13 February 2026.

6. The information provided in the present document is an extension of the analysis of the biodiversity finance landscape that was carried out by the Secretariat before the sixteenth meeting of the Conference of the Parties[1] and work that has been undertaken by the Secretariat since that meeting.

7. A core assumption that has been used in the analysis is that the effectiveness of biodiversity finance should be assessed in terms of overall biodiversity outcomes, considering both biodiversity-supportive financial flows and policy measures, as well as the extent to which ongoing economic activities and financial incentives generate biodiversity-negative impacts that may dilute or offset the gains.

II. Analytical approach: effectiveness of global biodiversity finance

A. Defining "effectiveness" in the context of biodiversity finance

8. For the purposes of the present study, effective global biodiversity finance is defined as public and private international and domestic financial flows that individually and collectively:

(a) Are aligned with the objectives of the Convention;

(b) Are aligned with the goals and targets of the Kunming–Montreal Global Biodiversity Framework;

(c) Produce measurable and lasting biodiversity outcomes;

(d) Achieve their biodiversity outcomes without generating unintended environmental or social impacts that undermine long-term results.

9. Thus, the effectiveness of global biodiversity finance is not binary. Financial flows may vary in their effectiveness depending on:

(a) The scale and predictability of resources;

(b) Their alignment with biodiversity strategies and priorities;

(c) Governance, safeguards and accountability arrangements;

(d) Institutional capacity for implementation;

(e) Their interaction with incentives, including subsidies and economic activities that are harmful to biodiversity.

B. Analytical approach to identifying impediments

10. Impediments are identified through a diagnostic approach that is focused on recurring structural and systemic constraints evidenced across regions, sources of finance and institutional settings. In the present study, an impediment is a condition or dynamic that systematically reduces the likelihood that biodiversity finance will deliver intended biodiversity outcomes.

11. The analysis is guided by three elements:

(a) Causality: impediments are examined in terms of their potential to constrain outcomes and are not considered merely as descriptive challenges;

(b) Heterogeneity: impediments operate in various ways across countries and contexts, and no constraint is universally applicable;

[1] See CBD/COP/16/INF/32.

(c) Descriptiveness: the identification of impediments does not imply a prescriptive hierarchy of solutions or obligations.

III. Impediments to the effectiveness of global biodiversity finance

A. Policy misalignment, poor synergy and mainstreaming challenges

12. The effectiveness of biodiversity finance is constrained by the weak integration of biodiversity considerations into both the wider finance landscape and broader economic and sectoral policies.

13. In many cases, biodiversity finance is isolated from decisions made in sectors where the most significant drivers of biodiversity loss originate, such as agriculture, infrastructure, energy, trade and development planning.[2] Similar fragmentation exists across financial instruments within the global biodiversity finance landscape, which further limits the ability to harness and scale up synergies across donors, domestic financing systems and multilateral development banks.

14. The lack of overall mainstreaming results in:

(a) Biodiversity outcomes being undermined by policies and investments in other sectors or funding instruments;

(b) Finance being directed towards the mitigation of impacts rather than prevention;

(c) Missed opportunities to leverage larger financial flows for biodiversity-beneficial outcomes, such as through improved synergies with climate finance or the private sector.

15. The lack of policy alignment across biodiversity, climate, trade, tax and development cooperation reduces the effectiveness of biodiversity finance and reinforces the urgent need to achieve better coherence across policy frameworks. Continued and enhanced efforts towards achieving Target 14 of the Framework are critical to addressing the matter at a systemic level. Upgrading the role of national biodiversity strategies and action plans as whole-of-government and whole-of-society frameworks is a tool for Parties to improve policy alignment for the enhanced effectiveness of biodiversity finance.

16. Several Parties, through their seventh national reports, have reported on ambitions to improve biodiversity mainstreaming in national policy. Sharing lessons learned and emerging good practices through the clearing-house mechanism of the Convention can support the replication of those lessons and practices.

17. The weak alignment of biodiversity and climate finance can result in the duplication or dilution of efforts in both areas; and efforts in one area could even have unintended negative impacts on the other. Overcoming weak alignment requires more intentional efforts to build synergies across both biodiversity and climate finance in order to enhance their effectiveness and ensure that there are no unintended negative consequences. Actions to optimize synergies between biodiversity and climate finance are provided in paragraph 8 of the draft decision contained in recommendation 6/1 of the Subsidiary Body, and steps to identify and operationalize potential biodiversity and climate synergies are provided in subparagraph 6 (a) of the draft decision contained in recommendation 27/3 of the Subsidiary Body on Scientific, Technical and Technological Advice.

18. In addition, further opportunities could be explored in relation to dedicated vehicles to assist with the development of synergies during project preparation, including, for example, the further mainstreaming of biodiversity and climate finance considerations into the support provided by financial mechanisms.

19. Last, improving synergies with the private sector through improved policy signals and incentives (see the following subsection) is essential to improving not only the volume of financial flows, but also their effectiveness.

[2] See document CBD/SBI/7/12 for a detailed analysis of impediments related to mainstreaming.

B. Subsidies and financial flows that are harmful to biodiversity

20. In its latest report on the state of finance for nature, the United Nations Environment Programme noted that, in 2023, $7.3 trillion flowed into activities that were harmful to nature, including fossil fuel subsidies and investments in high-impact sectors, such as utilities and energy, which was 30 times the amount invested in nature-based solutions.[3]

21. Environmentally harmful subsidies, preferential tax treatments and misaligned public investment frameworks often result in a lower cost for activities that harm biodiversity or shield activities from market signals that reflect ecological harm. Those incentives can exceed flows that are beneficial for biodiversity by an order of magnitude, effectively neutralizing or reversing the impact of biodiversity finance. Their continued prevalence is a profound structural impediment to the effectiveness of biodiversity finance.

22. Continued and intensified efforts towards achieving Target 18 of the Framework are essential to unlocking potentially substantial biodiversity finance for more secure, long-term investments in biodiversity. Such tools as the *BIOFIN Workbook*[4] and *The Nature of Subsidies*,[5] in which the inherent complexities are recognized, offer specific pathways to action.

23. Illicit financial flows diminish fiscal capacity and accountability, which constrains the ability of governments to finance biodiversity objectives. As outlined in the exploration of the biodiversity finance landscape conducted in 2024,[6] the illicit flow of funds, including associated issues related to tax justice and tax evasion, may play a detrimental role in securing funds for biodiversity.

24. Illicit flows can result from the illegal, unreported and unregulated exploitation of natural resources, such as forests or fish stocks, and addressing those flows would provide an important indirect lever to tackling such exploitation. For example, crime related to forestry, including illegal logging and illegal land clearing, is estimated to generate between $51 billion and $152 billion each year.[7] The World Bank has estimated that governments lose between $6 billion and $9 billion annually in tax revenue from illegal logging.[8] Those sums could be directed towards biodiversity outcomes and help to increase the effectiveness of funding already being directed at biodiversity-beneficial outcomes.

25. Addressing issues related to illicit financial flows, promoting tax justice and enhancing transparency in financial systems would contribute to ensuring the adequate funding and protection of biodiversity and help to increase the effectiveness of existing and new biodiversity finance. In that regard, the Organisation for Economic Co-operation and Development (OECD) and the United Nations Development Programme jointly launched the Tax Inspectors Without Borders initiative to offer support to national tax administration authorities, with a focus on auditing. With over 110 programmes in 70 developing jurisdictions, the Initiative has helped countries to raise $2.4 billion in additional tax revenues and $6.39 billion in tax assessments since its inception in 2015.[9] In addition, a coalition was launched in 2025, at the Fourth International Conference on Financing for Development, to accelerate the reform of tax expenditures.

26. Pathways to more systemic changes that are needed for promoting financial accountability, transparency and integrity have been elaborated by the High-level Panel on International Financial

---

[3] United Nations Environment Programme, *State of Finance for Nature 2026: Nature in the Red – Powering the Trillion Dollar Nature Transition Economy* (Nairobi, 2026).
[4] United Nations Development Programme (UNDP), *BIOFIN Workbook 2024: Finance for Nature* (New York, Biodiversity Finance Initiative and UNDP, 2024).
[5] UNDP and Biodiversity Finance Initiative, *The Nature of Species: A Step-by-step Guide to Repurpose Subsidies Harmful to Biodiversity and Improve their Impacts on People and Nature* (New York, UNDP, 2024).
[6] CBD/COP/16/INF/32.
[7] C. Nellemann and others, eds. *World Atlas of Illicit Financial Flows* (RHIPTO Norwegian Center for Global Analyses, International Criminal Police Organization and Global Initiative against Transnational Organized Crime, 2018).
[8] World Bank, *Illegal Logging, Fishing, and Wildlife Trade: The Costs and How to Combat it* (2019).
[9] OECD and UNDP, *Tax Inspectors Without Borders: Ten Years of Hands-on Assistance in Developing Countries* (Paris, OECD Publishing, 2025).

Accountability, Transparency and Integrity for Achieving the 2030 Agenda.[10] Such pathways will be critical to enhancing the scale and effectiveness of biodiversity finance to achieve the goals and targets of the Framework.

C. Macroeconomic and public-finance constraints

27. In many countries, biodiversity spending is discretionary and institutionally fragmented, making it especially vulnerable to budget pressures. Even when biodiversity is recognized as a priority in national strategies, budgetary allocations may be reduced, delayed or reallocated in response to macroeconomic shocks, geopolitical developments or other needs for adjustments.

28. Such pressures also affect the predictability of international public finance flows, which is critical to the successful implementation of the Framework. Official development assistance and concessional finance may decline or fluctuate in response to fiscal constraints in donor countries, geopolitical shifts or competing priorities. Official development assistance from members and associates of the OECD Development Assistance Committee decreased by 23.1% in 2025 compared with 2024, which is the largest annual contraction on record and a second consecutive year of decline.[11] Similar decreases are projected for biodiversity finance.[12]

29. Such constraints reduce the pool of international public donors contributing to biodiversity finance and the amount of finance being provided in general. Similar trends might also be observed among private donors, compounding the negative impacts on biodiversity finance.

30. The volatility and reduction of funding undermine medium-term and long-term planning for biodiversity action, which often requires sustained investment over extended periods. The macroeconomic context therefore affects not only the availability of biodiversity finance but also the stability and effectiveness of that finance over time.

31. Enhancing the provision of timely and accessible financial support to developing country Parties, in particular the least developed countries and small island developing States, and Parties with economies in transition, is vital to addressing the global biodiversity finance gap. Ways in which that action can also support domestic resource mobilization are elaborated below.

32. Overreliance on short-term, project-based financing for biodiversity outcomes is often a consequence of the lack of timely, reliable and accessible financial support for biodiversity. While project finance can support targeted, often smaller-scale, interventions, it is poorly suited to the long time frames required for achieving lasting outcomes that benefit biodiversity. Unsustainable funding therefore risks undermining continuity, weakens institutions and increases the risk that gains achieved through individual projects are not sustained. Ways and means to earmark public funds for biodiversity action could be explored as possible solutions.

33. The predominance of project-based approaches may therefore reflect not only provider preferences, which may themselves be a result of impediments in budgeting rules, but also deeper fiscal and budgetary constraints that impede the transition towards long-term, programmatic and systems-level financing for biodiversity. International biodiversity finance must be better aligned with identified long-term needs beyond project funding cycles.

34. Last, debt sustainability is considered a major macroeconomic impediment to the availability and effectiveness of biodiversity finance for many countries. Rising debt burdens, higher interest rates, exchange-rate volatility and constrained fiscal space limit governments' ability to allocate,

[10] See A/75/810/Rev.1, annex.

[11] OECD, "A historic decline in foreign aid: preliminary 2025 ODA data", 9 April 2026.

[12] OECD, *Biodiversity and Development Finance 2015–2023* (forthcoming).

protect and sustain biodiversity-related expenditure. Possible actions to consider are provided in paragraph 5 of the draft decision contained in recommendation 6/1.[13]

D. Institutional and absorptive capacity constraints

35. Institutional and absorptive capacity constraints have a significant impact on the effectiveness of biodiversity finance at all levels. They include limited capacity for project preparation and pipeline development, fragmented mandates across institutions, high transaction costs and insufficient technical expertise for implementation and monitoring. Such capacity constraints can also lead to weak policy mainstreaming at a broader level, as described above.

36. There are numerous examples of biodiversity project grant funding not being fully used owing to capacity gaps. For example, insufficient capacity can mean that suitably skilled technical staff cannot be found to undertake work, and complex procurement procedures that are not fit-for-purpose can delay project implementation beyond available funding windows.

37. Similar constraints may also inhibit the effective use of innovative and blended finance mechanisms. While blended finance and other innovative approaches are often cited as potential avenues to scaling up biodiversity finance, their deployment depends on the availability of fundable projects, risk-sharing mechanisms and institutional capacity to structure and manage complex financial arrangements and monitor compliance. In many contexts, those conditions are only partially in place.

38. Seed and grant funding, while essential for piloting approaches and supporting early-stage interventions, are often deployed without clear pathways to the expansion or transition into longer-term financing structures. As a result, grants may generate localized success without contributing to sustained or systemic change.

39. Constraints are not the same from one context to another. Some countries and institutions have a strong capacity to deliver even under constrained fiscal conditions, while others struggle to absorb available resources. The variability reinforces the importance of distinguishing context-specific impediments from generalized diagnoses and of ensuring that efforts to improve the effectiveness of biodiversity finance are adapted to their own contexts.

40. Capacity gaps are further widened in many developing countries by the numerous and varied requirements placed on institutions by donors. Capacity gaps are often cited as project-level impediments to the effectiveness of biodiversity finance. Considering them as a broader systemic impediment, however, could facilitate more effective structural changes, such as some of the aforementioned shifts in public funding that would create more fiscal space for governments to invest in the requisite capacity needed for more effective biodiversity finance; the restructuring of multilateral and bilateral funding for biodiversity projects in recognition of the need for sufficient long-term institutional capacity; and enhancements to the overall efficiency and coordination of global biodiversity finance mechanisms and instruments, with a view to streamlining the institutional capacities needed to achieve greater impact.

41. Last, improved coordination between relevant entities in ministries of environment and finance could facilitate the more efficient use of resources.

E. Biodiversity finance tracking and taxonomy fragmentation

42. In decision 16/34, the Conference of the Parties decided that it would address the global biodiversity finance gap by, among other measures, enhancing the effectiveness, monitoring and transparency of and accountability for the resources mobilized in the global biodiversity finance landscape.

[13] This topic is reviewed in more depth in the study on the relationship between debt sustainability and the implementation of the Convention, commissioned by the Secretariat, contained in CBD/SBI/6/INF/15. The study is currently under peer review and will be finalized later in 2026.

43. Effective tracking systems are foundational to measuring progress against Target 19 of the Framework and improving transparency and accountability in relation to mobilized biodiversity finance. Coherent taxonomies play an important role in that regard, given that they are used in determining the finance flows that are considered as biodiversity finance.

44. A study on opportunities to strengthen the tracking of the various sources of biodiversity finance, prepared pursuant to a request in paragraph 25 (b) of decision 16/34, provides additional details on the subject of tracking and the use of taxonomies and other tools, and will be available in an information document. The main findings in the study are set out below.

45. The improved tracking of the various sources of biodiversity finance will support progress on:

(a) Closing the biodiversity finance gap, given that improved tracking clarifies the size of, and possible reasons for, the gap, which can facilitate the comparison of current flows with needs and the targeting of resources from public, private, domestic and international sources;

(b) Enhancing accountability and transparency, owing to greater visibility of the sources and uses of funding and its alignment with biodiversity goals, which reduces greenwashing and enables the verification of commitments;

(c) Aligning financial flows with biodiversity goals, given that stronger tracking guides investment decisions and highlights the contribution of broader development finance to biodiversity objectives, thereby helping to ensure that public and private finance supports, rather than harms, biodiversity.

46. The principal impediments to tracking the various sources of biodiversity finance are fragmentation, data gaps, methodological gaps and capacity limitations.

47. **Fragmentation**. A highly fragmented landscape of definitions, institutions and reporting systems hinders the tracking of biodiversity finance. There is no single agreed definition of biodiversity finance, and boundaries are blurred by overlaps with climate finance. In multiple data sets and methodologies, contrasting criteria and attribution rules are applied, while reporting is scattered across institutions, countries and multilateral environmental agreements, which can lead to inconsistent estimates, duplication, limited comparability and difficulty in forming a coherent picture of biodiversity finance.

48. **Data gaps**. Important biodiversity finance flows, such as those from multilateral development banks, subnational spending and private or philanthropic contributions, are often missing, incomplete or inconsistently reported. Data are frequently fragmented across institutions, outdated as a result of staggered reporting cycles and long analysis and verification processes or entirely unavailable. Even when data related to biodiversity finance are collected through well-established statistical systems, such as the System of Environmental-Economic Accounting, those sources do not always contain sufficient granularity on biodiversity-specific flows, private sector flows can be more difficult to track and not all countries report to the same degree. Such challenges make it difficult to assess total finance levels, track progress toward targets and estimate the biodiversity finance gap reliably.

49. **Methodological gaps**. Variation in the methodologies used by data custodians creates challenges for aggregation and comparability. The absence of common tagging systems, coefficients, indicators and aggregation rules can lead to counting inaccuracies, while some instruments (e.g. guarantees or equity) are poorly captured in various reporting mechanisms. Many systems rely on approximations or self-reported data, and existing indicators do not provide the full coverage needed to track biodiversity finance accurately and reliably. Substantial efforts to address challenges, however, have been under way in recent years at the national and regional levels, such as in taxonomies. Since 2020, several new and updated taxonomies have been launched, including by the European Union; several countries in Latin America and the Caribbean, including Brazil, Chile, Colombia, Costa Rica, Mexico and Panama; the African Development Bank; and the Association of Southeast Asian Nations, with subsequent nationally-tailored taxonomies in Indonesia, Malaysia, the Philippines, Singapore and Thailand.

50. **Capacity limitations**. Many countries lack the financial, technical and institutional capacity to track biodiversity finance effectively. Among the challenges are insufficient funding, limited staff and expertise, weak statistical systems and an absence of integrated databases or budget tagging mechanisms. Reporting may not be standardized and is sometimes dependent on external support, which leads to incomplete, inconsistent data and constrains the ability to monitor, report and use finance information for decision-making.

51. There are opportunities to address those challenges, including in international and domestic public finance and in private finance more generally, as outlined below.

52. **International public finance**. Harmonizing definitions, coefficients and reporting standards can improve comparability, reduce double counting and strengthen tracking. In the near term, the better use of existing systems and increased reporting by multilateral organizations can enhance data coverage and consistency. For example, the System of Environmental-Economic Accounting and other established statistical systems can be the basis for more standardized reporting and for the development of more tailored approaches that can provide the granularity needed for improved tracking of biodiversity-specific finance. In the longer term, the elaboration of a development agenda beyond 2030 is an opportunity to align climate–biodiversity tracking, standardize attribution rules and track multilateral and South-South flows better.

53. **Domestic public finance**. More robust national reports and national biodiversity strategies and action plans, with embedded monitoring systems, can make tracking domestic biodiversity finance more systematic and reliable. Improved target setting and reporting supported by capacity-building can enhance the consistency and relevance of financial data. Expanding budget tagging and tracking tools can improve visibility and the alignment of domestic finance with biodiversity goals. The continued work to develop and implement taxonomies, as mentioned in paragraph 49, is critical to overcoming challenges in domestic public finance.

54. **Private finance**. A common framework with standardized definitions and classifications can significantly improve tracking. Harmonized and interoperable taxonomies can enhance comparability and uptake, provided that they are practical and supported by guidance. Stronger disclosure requirements, clearer attribution rules and better data integration can improve data quality and coverage.

F. Safeguards, governance and monitoring gaps

55. Safeguards, governance arrangements and accountability systems are central to biodiversity finance effectiveness, yet gaps remain in the implementation of formal safeguard frameworks. Biodiversity finance often operates in ecologically rich but socially vulnerable areas, including indigenous territories, rural landscapes and low-income regions. Without safeguards, investments in biodiversity can cause unintended harm to biodiversity itself and negative social consequences, such as the displacement of communities through protected area expansion, the loss of customary land and resource rights, gender-differentiated impacts and the restriction of livelihoods dependent on ecosystems.

56. Overall, safeguards are increasingly being adopted and applied more effectively. However, challenges persist. For a study on how the guidance on safeguards in biodiversity finance mechanisms adopted in decisions XII/3 and 14/15 has been implemented,[14] the Secretariat conducted a survey[15] and identified the following recurring challenges, noting that not all challenges may apply in all circumstances:

(a) Limited institutional capacity, technical expertise and financial resources across implementing organizations, financial institutions and community partners;

[14] See CBD/SBI/6/INF/18 for the current version of the draft study. The final version will be made available for consideration by the Conference of the Parties at its seventeenth meeting.
[15] See notifications Nos. 2025-122 and 2025-137.

(b) Lack of sufficient funds to achieve biodiversity targets and high legal, transaction and verification costs;

(c) Poor coordination among stakeholders, an absence of unified information systems and duplication of interventions due to limited data-sharing;

(d) Inadequate monitoring systems, a lack of standardized infrastructure and indicators, a reliance on implementing entities for reporting and difficulty translating biodiversity outcomes into measurable key performance indicators;

(e) Inconsistencies between national and international safeguard frameworks, multiple policies across partners, regulatory complexity and uncertainty, and challenges translating global frameworks into operational processes;

(f) Challenges in ensuring the meaningful participation of stakeholders, including barriers to free, prior and informed consent, limited access to culturally appropriate information and a lack of awareness-raising related to safeguard principles among communities;

(g) Governance, legal and institutional issues, such as insecure land tenure, the weak rule of law, limited representation, political and economic pressures and insufficient protections, which can hinder compliance and eligibility;

(h) Limited awareness of safeguards, information asymmetry between countries and financial institutions and broader trust deficits affecting implementation.

57. When biodiversity finance interventions are not accompanied by credible mechanisms to ensure accountability for impacts and the delivery of results, their long-term effectiveness and legitimacy may be diminished, in particular in contexts where biodiversity loss affects indigenous peoples and local communities. The study referred to in paragraph 56 includes good practices, lessons learned and opportunities for improvement related to the implementation of the guidance.

58. Enhancing the effectiveness of biodiversity finance will require more deliberate implementation and enforcement of policy measures, in particular through enhanced capacity-building, sufficient resources, improved governance, stakeholder engagement, alignment of policies and safeguards standards, and improved access to information at all levels. Considerations to address impediments related to safeguards, as part of wider ongoing efforts on the topic, are also provided in paragraph 7 of the draft decision contained in recommendation 6/1.

G. Equity, access and power asymmetries in biodiversity finance

59. Equity and access constraints often lead to unequal representation, insufficient funding and mismatches between long-term finance needs and short-term project finance, especially in international biodiversity finance. The resulting negative impacts are often more significant for developing country Parties, in particular the least developed countries and small island developing States, and Parties with economies in transition.

60. Domestic resources are the largest portion of potential biodiversity finance, but mobilizing them depends largely on access to sufficient international biodiversity finance. The argument for so-called "finance for finance" is that biodiversity outcomes require large, sustained, domestic flows, which cannot be replaced by external funding alone.[16] Therefore, investing in systems that unlock domestic finance, including, crucially, the development of national biodiversity finance plans and the requisite tools to operationalize them, often has a greater return in the long term. The impediments associated with institutional capacity noted above are therefore relevant in that regard.

61. International biodiversity finance could therefore be used to support processes that improve biodiversity finance budget tagging, subsidy reform, improved national biodiversity strategies and

[16] For more information see Ines Verleye, "'Finance for finance' approach to catalyze biodiversity finance", prepared for the workshop on resource mobilization convened by the Secretariat in Rome from 10 to13 February 2026.

action plans, and budget mainstreaming. Other relevant international finance actions could include support for investments in innovative instruments and capacity-building for project preparation and implementation. Ensuring access to such international biodiversity finance is therefore an important consideration for improving the effectiveness of domestic biodiversity finance.

62. Furthermore, indigenous peoples and local communities, who often play a central role in biodiversity stewardship, face additional and significant barriers in gaining access to finance. Complex access requirements, limited institutional recognition and the asymmetrical allocation of risk restrict participation by those who in many cases most directly manage ecosystems.

63. Asymmetries reduce the effectiveness of biodiversity finance, given that they result in limited local ownership, undermined legitimacy and a higher likelihood that biodiversity outcomes will not be sustained. Addressing effectiveness therefore requires a focus on not only aggregate finance flows but also the ways in which finance is accessed, governed and used at various levels.

64. Several initiatives on improved access to finance for indigenous peoples and local communities have been established since the adoption of the Framework. Some of the most recent advances in the area are outlined in documentation prepared by the Secretariat.[17]

IV. Conclusion

65. The main impediments to effective biodiversity finance identified in the present document are found at all levels of biodiversity finance, across countries and from the international to local project levels. Continued, deliberate action to address them is critical if Parties are to achieve the goals and targets set out in the Kunming-Montreal Global Biodiversity Framework.

66. Continued and strengthened efforts to increase the amount of biodiversity finance, in line with Target 19 of the Framework, are critical to overcoming several impediments listed in the present document. Those efforts may also include broadening the contributor base, the consideration of which is the focus of the request set out in paragraph 24 of decision 16/34.

67. Aligning international biodiversity finance with specific project and country needs beyond project funding cycles and themes and investing the finance in capacity-building and de-risking activities to mobilize sustainable domestic resources are central to overcoming systemic impediments that prevent the full achievement of intended biodiversity outcomes.

68. Significant progress on phasing out or reforming incentives, including subsidies harmful for biodiversity, and scaling up positive incentives for biodiversity, in line with Target 18, could unlock substantial additional finance, including for biodiversity, and improve the effectiveness of current and future biodiversity finance.

69. Greater integration of biodiversity into relevant international and macroeconomic processes, strengthened national biodiversity strategies and action plans, ecosystem accounting, biodiversity budget tagging and biodiversity taxonomies are significant steps towards better reflecting biodiversity in economic decision-making. Scaling up such activities as those undertaken with the Biodiversity Finance Initiative, for example, offers a clear pathway to achieving such improved mainstreaming.

70. Improving the application and enforcement of existing safeguard systems in biodiversity finance projects can significantly boost the effectiveness of biodiversity finance at all levels and from all sources. Some recommendations in that regard are provided in paragraph 7 of the draft decision contained in recommendation 6/1.

71. In addition, improving equity and access to biodiversity finance for indigenous peoples and local communities, women and young people as important custodians of biodiversity can significantly boost the effectiveness of biodiversity finance. Relevant improvements may include the

[17] See CBD/SB8J/1/2.

use of trusted intermediaries, the further simplification of access modalities and tailoring of biodiversity finance initiatives to the needs of those groups, in particular through flexible, long-term and predictable financing, and investment in capacity-building.

72. Enhancing participation in, and contribution to, initiatives on biodiversity finance tracking and taxonomies can significantly affect decision-making about the scale and allocation of finance needed for biodiversity. Establishing dedicated biodiversity finance units within both ministries of finance and environment could improve coordination between the ministries and facilitate the improved alignment and efficiency of finance for biodiversity.

73. Last, investing in the capacities needed to improve the overall effectiveness of biodiversity finance, in particular by unlocking domestic resources and enhancing their effectiveness, must be considered as a systemic approach to overcoming the impediments identified in the present report. Several of the actions listed above can play a role in that regard.

____