

# Overview of the work of the CBD Panel of Experts on Resource Mobilization

*Geneva, 23rd March 2022*



# CBD Panel of Experts' Work

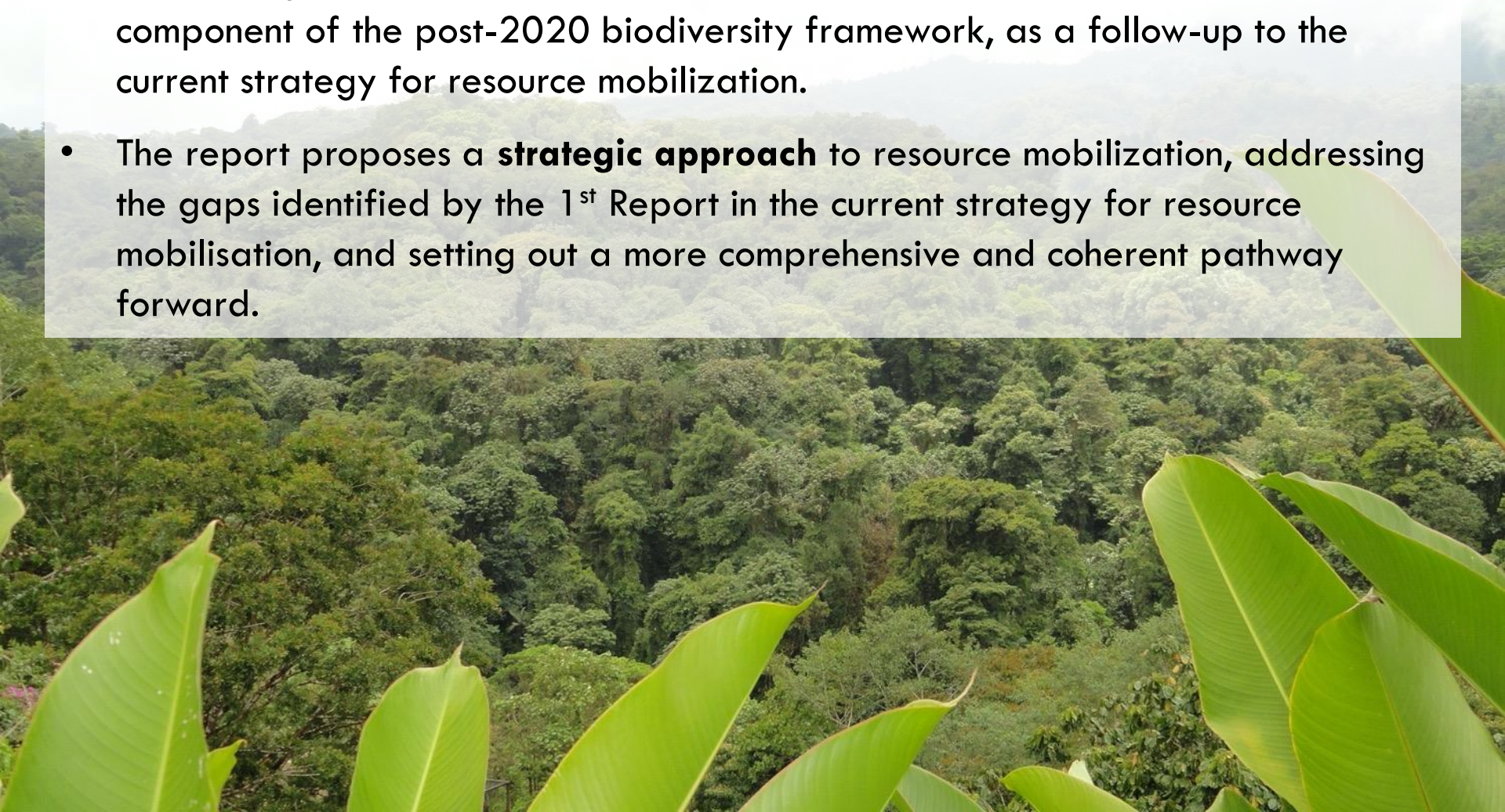
- Panel of Experts' Reports, as mandated by CBD COP14:
  1. A **review of experiences** and **evaluation of the current Strategy for Resource Mobilization (SRM)** (1<sup>st</sup> Report –Jeremy Eppel)
  2. An **estimation of resources needed** to implement post-2020 Global Biodiversity Framework (2<sup>nd</sup> Report – Yasha Ferherholtz)
  3. A contribution to the **resource mobilization component** of the post-2020 Global Biodiversity Framework (3<sup>rd</sup> Report – Tracey Cumming)
- 1<sup>st</sup> and 3<sup>rd</sup> Reports issued in 2020
- Final version of 2<sup>nd</sup> Report issued in December 2021, and discussed at online Expert Workshop on 14<sup>th</sup> December
- At request of OEWG Co-chairs, supplementary **Note on Effective and Feasible Pathways for Closing the Biodiversity Finance Gap** issued in March 2022

# 1<sup>st</sup> Report – Key Findings

- Underlying structure and content of 2008 Strategy on RM, adopted at COP9, is still sound, but...
- Real questions about its operational effectiveness, especially in developing countries
- Mainstreaming, removal of harmful subsidies, and ABS – all highly pertinent to resource mobilisation - only partially integrated into the Strategy's Goals
- Need in future to ensure:
  - More streamlined structure for resource mobilization in the post-2020 framework
  - RM component of post-2020 addresses ways to mobilise resources at scale to tackle the global biodiversity crisis in its entirety, hence...
  - Full recognition of the synergies between resources being mobilised for biodiversity and those being mobilised for climate change, and for the SDGs more broadly
  - Equal attention to reallocation of resources that are harming biodiversity, and more effective use of all resources being spent on biodiversity, alongside significant increases in resources mobilised for biodiversity protection and restoration

# 3<sup>rd</sup> Report of Panel of Experts

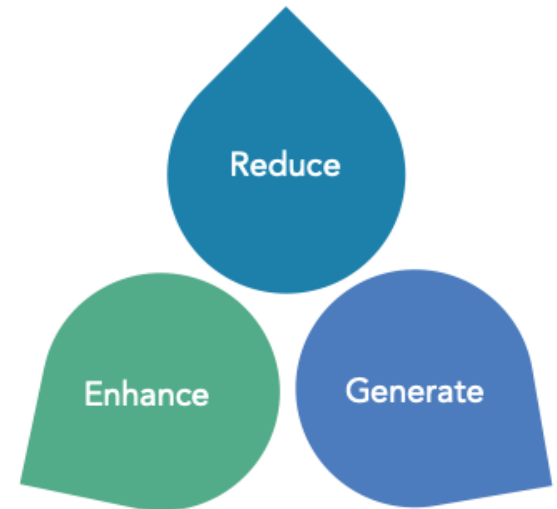
- The 3<sup>rd</sup> Report serves as a contribution to a draft resource mobilization component of the post-2020 biodiversity framework, as a follow-up to the current strategy for resource mobilization.
- The report proposes a **strategic approach** to resource mobilization, addressing the gaps identified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



# 3<sup>rd</sup> Report of Panel of Experts: Strategic Approach to resource mobilization for the Post-2020 GBF

## Key messages

- Resource mobilisation will require **transformative, inclusive and equitable change** across economies and society.
- **Approach built around three interconnected components**
  1. **Reduce or redirect** resources causing harm to biodiversity
  2. **Generate** additional resources from all sources to achieve the three objectives of the Convention
  3. **Enhance** the effectiveness and efficiency of resource use
- **Mainstreaming** is an important approach in all three components
- Important roles for **public** sector, **private** sector, and **finance** sector





## Component 1:

# Reduce or redirect resources causing harm to biodiversity

- **Government budgets (all)** result in at least no net harm to biodiversity, e.g. biodiversity safeguards for budgetary spending
- **Incentives:**
  - Eliminate or reform **harmful incentives** (including subsidies)
  - Develop and scale up **incentives to encourage biodiversity-positive** behaviour – e.g. biodiversity-motivated subsidies, PES
  - Develop and scale up disincentives to **discourage harmful** behaviour – e.g. taxes, fines – internalise biodiversity costs
- **International development finance**, including climate finance, results in at least no net harm to biodiversity (*Note strong nature-related commitments eg on forests, at UNFCCC COP26*)
- **Business sector:** Integrate biodiversity impacts, dependencies and risks into **business models, operations and practices and report - TNFD**



## Component 1:

# Reduce or redirect resources causing harm to biodiversity

- **Finance sector: Incorporate biodiversity impacts, dependencies and risks**
  - Standards, metrics and methodologies for reporting biodiversity-related dependencies, impacts and risks
  - Govt: Set regulatory and legislative standards
  - Finance sector: Report on impacts and risks related to biodiversity (consider: Fiduciary duty)
  - Central banks: Include biodiversity in stress tests; require disclosure; apply credit ceilings on harmful activities
  - Institutional investors: Address financial “short-termism”, e.g. longer-term remuneration structure, less quarterly reporting, expanding stress test time horizons
  - Development banks: Strengthen compliance with safeguards; strategic environmental assessments; lending should result in biodiversity-positive or at least biodiversity-neutral outcomes
  - Insurance industry: Price intact biodiversity/ecosystems into premiums for disaster risk reduction



## Component 2: Generate additional resources from all sources

- **Domestic public**: Lead role to play in providing a sustained flow of resources
  - **Direct** (i.e. biodiversity outcomes are primary objective) and **indirect** (e.g. nature-based solutions for climate change, regenerative agriculture, etc.)
- **Direct international funding flows**: Remain a key component of RM, direct and indirect
  - **Indirect**: including 2030 Agenda and SDGs, Paris Agreement. National level: integrate biodiversity into integrated national financing frameworks (INFFs)
- Enhance the implementation of agreements related to **access** to genetic resources and the **fair and equitable sharing of the benefits** arising from their utilization



## Component 2: Generate additional resources from all sources

- **Business and finance** sector: Increase investment in biodiversity-positive projects
  - **Harness growing interest**, tools such as green and blue bonds, private equity, microcredits, impact investing, etc.
  - **Develop business opportunities**, e.g. ecotourism, sustainable agric and fisheries – improve business acumen, improve market conditions, reduce transaction costs, measuring impacts and reducing risk for investors
  - **Central banks**: Provide a lower required reserve rate on "green" assets, subsidised loan rates
  - **Govt, civil society, development banks**: Help to develop a pipeline of business opportunities with good risk return profiles, and opportunities for impact investing – e.g. incubators, training programmes, blended finance, early stage grants
  - **Overall investment environment** in countries and sector-specific enabling conditions



## Component 3: Enhance the effectiveness and efficiency of resource use

- Good governance and planning within the public sector
  - **Whole-of-government approach** – strengthen structures and processes for vertical and horizontal coordination. Will need high level political support
  - **NBSAPs** include addressing drivers of loss, ID cost effective approaches
  - **National Biodiversity Finance Plans** (using BIOFIN or similar methodology), addressing all three components of RM, in all countries.
  - **Mainstream** biodiversity into sector and integrated development plans, including spatial planning, and apply monitoring and adaptive management
  - Recognise and support **non-State actors** responsible for **protected areas** and **other effective area-based conservation measures** (OECMs), including indigenous peoples and local communities, private actors and NGOs. Tools: Partnerships agreements, trust funds, incentives, management support
- Partnerships and platforms for policy coherence, shared learning and the creation of joint approaches



## Component 3:

# Enhance the effectiveness and efficiency of resource use

- Capacity building, technical assistance and technological cooperation on a *sustained basis*
  - Needed by public sector (all levels), business and and finance sector
- Improve flow and uptake of international development finance
  - Coordination for strategic, complementary and synergistic outcomes
  - Donors: Take into account realistic timeframe for projects, especially when addressing systemic change
- Monitoring and reporting processes for resource mobilisation
  - Increased transparency and accountability on biodiversity spending
  - User-friendly reporting processes, and capacity development
  - Timely and regular data collection, management and utilisation to inform decision making

## 2<sup>nd</sup> Report: Estimates of the funds needed for the implementation of GBF2020 (I)

- *Financing Nature: Closing the **Global Biodiversity Financing Gap*** (TNC/Paulson Institute/Tobin):
  - Funding needed: US\$ 722 - US\$ 967 billion annually
  - Finance gap: US\$ 599 -US\$ 823 billion annually
- ***Protecting 30% of the Planet for Nature: costs, benefits and economic implications*** (Campaign for Nature, National Geographic and Prof. Waldron):
  - US\$ 103 billion to US\$ 178 billion per year (4-7 times current levels)
  - US\$ 67.6 billion annually for the adequate management of current PAs and between US\$ 35.5 billion and US\$ 110.3 billion per year for the addition of new PAs.

# Estimates of the funds needed for the implementation of GBF2020 (II)

- UNEP's *State of Finance for Nature* on investments needed in **nature-based solutions**:
  - Trebling of investments needed by 2030, with US\$ 403 billion additional annual investments needed to limit the increase of global mean temperature to 2° , for carbon emissions from land use change to fall and become net negative by 2035, and for biodiversity loss – beyond the historic background rate – to be reduced to zero by 2050
- Funds needed based on **NBSAPs** (Panel of Experts):
  - Global financial needs of around USD ~180 billion annually (twice current level), keeping the same path of emissions, production, and land use change.
  - Domestic expenditure and financial needs data were collected from the Convention's Financial Reporting Framework

# Note on Effective Pathways – Key Messages (I)

- Actions to meet **‘mainstreaming’-related targets** are an **indispensable element of resource mobilization**.
- This should **include the financial as well as the corporate sector**, so that over time there is a **comprehensive alignment of all global financial flows with the objectives of the GBF**.
- While 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.
- 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.

# Note on Effective Pathways – Key Messages (II)

- Countries will need to **identify the most harmful subsidies** (draft Target 18) within their own national context, and to consider the use of **biodiversity positive incentives**, including subsidies (e.g. direct budgetary payments and indirect subsidies such as tax exemptions).
- 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.
- **Improving national capacity and ability for the uptake of funds** will allow all available financial resources to be used in the most effective way; early investment in such capacity building would make good financial and practical sense.
- 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.
- Countries should consider a **range of different governance types** for protected areas and OECMs within a country's legal and institutional frameworks

# Note on Effective Pathways – Key Messages (III)

- **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 prioritized, and ideally undertaken within the next 2 to 3 years.
- A national biodiversity finance plan should address all three components of resource mobilization, and should examine the root causes of biodiversity loss, current expenditure on biodiversity, funding needs, and the role of key institutions, legislation, and stakeholders. It should include actions that can be taken in the public sector and the private sector.
- The NBFP process can be used to build stakeholder support, and create **partnerships and platforms** for key role-players to continue working together.
- **A global community of practice** can help to share lessons on developing and implementing NBFPs.

**Reports of the Expert Panel can be found:**

**<https://www.cbd.int/meetings/SBI-03>**

**CBD/SBI/5/3/Add.1 – First Report**

**CBD/SBI/3/INF/2 – First report – full version**

**CBD/SBI/3/5/Add.2/Rev.1 – Second Report**

**CBD/SBI/3/5/Add.3 – Third Report**

**CBD/SBI/3/INF/47 – Note on Effective Pathways**

**Thank you**

**Jeremy Eppel**

**Member of CBD Expert Panel**

**on Resource Mobilization**