

Response of The Nature Conservancy to the Questionnaire on the Effectiveness of the Strategy for Resource Mobilization

Questionnaire

(a) Please provide your evaluation of the structure, content and effectiveness of the Strategy for Resource Mobilization adopted by decision [IX/11](#),¹ indicating as much as possible the gaps in meeting the targets.

The strategy itself, in terms of the elements it contains and the suggested actions, are solid. The problem lies in its uptake and implementation – or rather, the lack thereof. Like many CBD decision, the intent of the strategy is good, but it lacks an implementation framework and its lacks a system of accountability for monitoring and tracking its implementation. While the UNDP BIOFIN program does provide a framework for implementation, there has not been widespread implementation across all countries, nor has there been adequate capacity building for implementation, nor has there been adequate reporting back on implementation or challenges thereto.

There is also not an adequate suite of SMART targets and indicators that go along with the RM strategy. The main indicator that is tracked in practice is the amount of ODA flowing to developing countries. The 2012 COP agreed to a specific target to double ODA flows by the end of the decade. That's a clear, measurable target and it is tracked by the OECD DAC. The good news is that we are on track to meet it. The bad news is that by most estimates of the biodiversity resource needs of the world, that incremental increase in ODA flows mobilizations 2% of the new financing needed to close the biodiversity finance gap.

Additionally, and perhaps fundamentally, the main challenge is really about engaging across different government ministries. The implementation responsibility for many of the elements of the strategy lies with ministries and agencies that tend to ignore CBD strategies and decisions. Part of the strategy need to be to ensure an all-of-government approach to implementation of the RM strategy.

(b) Please provide a summary of your experiences in achieving Aichi Biodiversity Target 20 and implementing the Strategy for Resource Mobilization, and their adequacy, and your views on the need for appropriate further action.

You may wish to structure your replies to questions (a) and (b) above in accordance with the goals of the Strategy for Resource Mobilization, namely:

- Goal 1: Improve information base on funding needs, gaps and priorities
- Goal 2: Strengthen national capacity for resource utilization and mobilize domestic financial resources for the Convention's three objectives
- Goal 3: Strengthen existing financial institutions and, promote replication and scaling-up of successful financial mechanisms and instruments

¹ <https://www.cbd.int/doc/decisions/cop-09/cop-09-dec-11-en.pdf>

Goal 4: Explore new and innovative financial mechanisms at all levels with a view to increasing funding to support the three objectives of the Convention

Goal 5: Mainstream biological diversity and its associated ecosystem services in development cooperation plans and priorities including the linkage between Convention's work programmes and Millennium Development Goals

Goal 6: Build capacity for resource mobilization and utilization and promote South-South cooperation as a complement to necessary North-South cooperation

Goal 7 Enhancing implementation of access and benefit-sharing initiatives and mechanisms in support of resource mobilization

Goal 8: Enhance the global engagement for resource mobilization in support of the achievement of the Convention's three objectives

(c) Please provide any relevant information that would support the estimation of the resources from all sources needed for different scenarios of the implementation of the post-2020 framework;

We are in the process of doing some research on this question in collaboration with Cornell University and the Paulson Institute. We are also in close coordination with both UNDP BIOFIN and the team at OECD. We should have some updated preliminary figures in mid-December which we will be happy to share at the time. The OECD report from May provides the most up to date estimates. We are focused on trying to come up with refined estimates of current private sector financial flows for biodiversity, focused mainly on the sustainable supply chain commitments that have emerged over the last few years.

(d) Please provide your views on the possible structure and content of a draft resource mobilization component of the post-2020 biodiversity framework, as a follow-up to the current Strategy for Resource Mobilization;

We would like to suggest a different framework for thinking about the resource mobilization strategy. The focus to date has been on figuring out how much money is needed and then how do we go about generating that needed amount of funding. We would like to suggest a different conceptual framework, that recognizes that the world is spending huge amounts of money destroying nature, so a significant portion of the resource mobilization strategy should really be about reducing the need for biodiversity funding. Conceptually, the RM strategy must be intimately connected to the mainstreaming agenda.

So, we propose a three-part framework for the RM strategy:

- 1) Actions to **reduce the need** for biodiversity finance – which is essentially the mainstreaming agenda, for some key sectors. According to the OCED, the world is currently spending something like 500 Billion dollars per year subsidizing activities that are harmful biodiversity. The largest of course or fossil fuel subsidies, but they also estimate that there are over \$100B year in biodiversity-harmful agricultural subsidies. Add to that perverse subsidies for unsustainable forestry and fisheries and we have a clear action agenda to reduce or redirect perverse subsidies and other activities that are harmful to biodiversity. Doing so would substantially reduce the need for financial resources for biodiversity. We believe there are four key sectors that should be the focus of attention in the RM strategy and the associated mainstreaming agenda:
 1. Food and fiber production – agriculture, forestry, fisheries.
 2. Infrastructure and extractive industries
 3. Energy development
 4. Urbanization
- 2) Actions that improve the **effectiveness and efficiency** of existing resources – This is essentially the capacity building and tech transfer agenda.
- 3) Actions the **generate additional financial resources** for biodiversity – there are a range of opportunities to generate significant new resources for biodiversity. Most of the new funding to

close the biodiversity finance gap will come from private sector investment and consumer spending. As a result, the real efforts in the RM strategy should be around defining the pathways to mobilize those resources and identifying what governments can do to enable them. That means defining a resource generation strategy (with targets and indicators) around governments putting in place the incentives, the regulatory regimes, and the market mechanisms to drive private sector and consumer spending in pro-biodiversity ways. We believe that some of the most promising mechanisms to do this include:

1. Policies requiring application of the mitigation hierarchy and the use of compensatory mitigation and offsets;
2. Creation of markets for nature-based carbon credits;
3. Incentives for investments in natural infrastructure for, e.g. water quality, flood control, urban stormwater management, riparian and coastal flood control;
4. Use of fiscal policy through tax incentives, fees and permits, etc.;
5. Expanded use of green financing tools, models, and screens;
6. Increased ODA flows;
7. sustainable corporate supply chains;
8. agricultural and fisheries subsidy reform.

(e) Please provide your views and any relevant information concerning options and approaches for mobilizing and providing additional resources from all sources;

See above.

(f) Please provide your views and any relevant information on possible ways to strengthen the engagement of a wider range of financial and private institutions, at all levels and from all sources, to support the implementation of the post-2020 framework;

The biggest challenge facing the resource mobilization agenda is that most of the actions that need to be taken are in the private sector – and that requires actions from government ministries to set fiscal policies, incentives and regulatory systems that will incentivize pro-biodiversity private sector investment and consumer spending. For governments to be willing for that to happen, two critical things need to change:

First, governments need to better appreciate the macro-economic risks associated with biodiversity degradation. The IBPES report did provide some key insights in the microeconomic impacts in specific sectors (e.g. the importance of natural pollination services for \$250-500B in agricultural productivity annually) but it did not provide much on the long term linkages between macroeconomic performance (around growth and employment). The Dasgupta review and the forthcoming World Bank study may provide some critical insights. But the key point here is that the biodiversity community needs to do a far better job of articulating the economic case for biodiversity on a far more significant scale, and engaging in other forums like the IMF/World Bank annual meetings, etc. where the people with the power to make the changes to government policy to affect mainstreaming and resource mobilization actually show up.

Second, the biodiversity community needs to do a much better job articulating the materiality of biodiversity to business. Some companies that source from agricultural supply chains “get it”, but most companies do not understand how their businesses have significant dependencies on the flow of natural capital-produced goods and services. That needs to change. And it is one step further removed for the investment community to understand biodiversity risk in their investment portfolios. The concepts, let alone the metrics, simply don’t exist in the mainstream investing world. That also needs to change, and it starts with defining a clearer case for biodiversity risk.

(g) Please provide your views and any relevant information on possible ways to further mainstream biodiversity into national economic budgets and development plans, including key productive sectors;

Please see above of the list of key sectors where mainstreaming is most critical, as well as a set of 8 different opportunities to significantly increase public and private resources for biodiversity.

That said, if we were to pick one absolutely fundamental mechanism for mainstreaming, it would be fully implement CBD Decision 14/3 on mainstreaming in the infrastructure sector. That decision calls for governments to implement the mitigation hierarchy across all infrastructure and extractives industries development. Doing so would significantly reduce the need for biodiversity finance by significantly reducing the destruction and degradation of critical natural habitats, as well as generate significant financial resources that could be applied against local and national restoration and protection goals, as well as other priorities identified in NBSAPs. There are two ways to accomplish this - either through regulatory drivers or through financial sector best practices (i.e. IFC Performance Standard 6, which has been endorsed by all of the Equator Banks.).

The New Climate Economy Report estimates that the world needs to spend \$5-6 trillion per year over the next decade to achieve the Sustainable Development Goals. It sets out an agenda to suggest how that can happen in a low-carbon way. The application of the mitigation hierarchy to that infrastructure build-out is essential to ensure that it happens in a pro-biodiversity way; otherwise infrastructure development could become the biggest near-term threat to biodiversity conservation.

(h) Please provide your views and any relevant information on possible ways to improve the readiness and capacity of Parties to access and utilize financial resources in support of the implementation of the post-2020 framework.

Our thesis is that governments have two critical jobs – first, to ensure a robust mainstreaming agenda in a handful of key sectors to ensure that harm to biodiversity is minimized and they sectors fundamentally transform to become pro-biodiversity and actually generate financial resources for biodiversity; and second, to put in place the enabling conditions and incentives for private investment and consumer spending to be pro-biodiversity. Both of these will require significant investments in government policy reform and regulatory capacity. We are also suggesting a significant increase in foreign aid flows. This additional aid should be primarily focused on building that government policy reform and regulatory capacity – and key multilateral institutions and development finance institutions, should gear up major programs to support that reform and capacity building agenda.