Questionnaire on Resource Mobilization (World Bank)

Note: we have chosen to respond partially to the questionnaire, given that many of the questions are directed to Parties.

(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 for Resource Mobilization adopted by decision IX/11 appears to be comprehensive in scope, bringing attention to the need to mobilize resources from a wide range of sources (international and domestic; public budgets and development policies and private sources; multilateral agencies and instruments such as the GEF, the Adaptation Fund). The Strategy also acknowledges the need for better data on biodiversity financing and the economic benefits of biodiversity/the costs of inaction, as well as the need for innovation, capacity building, South-to-South cooperation.

The strength of this Strategy is the ability to convey the high-level vision on resource mobilization for the Convention on Biological Diversity (CBD).

Its weakness lies in omitting important specifics that are required to make it actionable and to hold Parties accountable for its implementation. Important gaps include: (i) absence of a quantitative target for resource mobilization (in the Strategy and in the Aichi Target 20); (ii) absence of a definition of biodiversity finance, both private and public; (iii) absence of a time-bound action plan for mobilizing resources; (iv) lack of indication on how the resources could be split between the five strategic goals; (v) lack of emphasis on the need to scale down investments (public and private) that is harmful to biodiversity, as well as scale up biodiversity-friendly investment; (vi) lack of definition of what the "private sector" constitutes; (vii) omission of any references to the financial markets and the banking sector; (viii) lack of clarity on the responsibilities of each stakeholder group.

Most importantly, an related to (v) above, it is important to avoid the risk of missing the big picture. By focusing on financing biodiversity friendly activities, we risk missing the fact that much more finance (order of magnitudes larger) is channeled to support investments that are harmful for biodiversity. This is often favored by perverse subsidies. But more often, it is favored by the lack of regulations.

While it may not be possible or appropriate to incorporate all of the above in the formal Strategy on Resource Mobilization, it would be important to provide guidance on these to all stakeholders in the form of a supplementary action plan or similar supporting document.

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

(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:

Goals of the strategy on resource mobilization	**Evaluate the structure, contents and effectiveness of the strategy**	**Your experience in achieving ABT20 and implementing the strategy**
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	What is missing is the need to strengthen national capacity to green finance in general (i.e. to reduce investments going to activities that destroy biodiversity). Here the Goal seems to only focus on mobilizing finance for investing in biodiversity-friendly projects.	
Goal 3: Strengthen existing financial institutions and, promote replication and scaling-up of successful financial mechanisms and instruments	This is an important objective but does not seem to have been implemented.	There is very limited (to non-existent) evidence of parties encouraging the strengthening of financial institutions to take into account biodiversity.
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	Limiting mainstreaming to development cooperation seems limited. Most loss of biodiversity is driven by private investments/finance and by public spending unrelated to international cooperation.	
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;

Response: N/A

(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;

Response:

The resource mobilization component of the post-2020 framework would benefit from greater transparency, measurability and actionable set up. This could be partially achieved by addressing the gaps identified above. In particular, the resource mobilization component would have to:

1. Define what constitutes biodiversity financing and what we mean by “public” and “private” financing, to allow the overall target to be translated into national action plans and facilitate monitoring and accountability;
2. Put emphasis on the need to scale down finance (public and private) that is harmful to biodiversity, as well as scale up biodiversity-friendly investment This includes, but is not limited to, fiscal and sector policy reform to realign economic incentives in a way that makes them compatible to biodiversity goals; it also requires a change of practices in the financial sector;
3. Provide indicative goals for resources to be mobilized under the different strategic goals. For example, the Paris Agreement emphasizes the need for balance between mitigation and adaptation. Similarly, the CBD could emphasize the need to “finance green” (i.e. contribute directly to biodiversity, e.g. by financing protected areas) and “green finance” (i.e. to curb finance going to traditional “brown” activities);
4. Consider laying out different strategies for: (i) projects that are already bankable and simply need replication and scale; (ii) non-bankable projects that could become commercially attractive with concessional finance; (iii) pure public good projects that must rely completely on ODA/public funds;
5. Acknowledge the role of the baking sector and the financial markets;
6. Be more specific in recommendations related to “mainstreaming” of biodiversity into public budgets and policy;
7. Clarify the roles and responsibilities of each stakeholder group;
8. Create a time-bound action plan for resource mobilization;
9. Set a quantitative target for resource mobilization – a collective quantified annual goal (a minimum/ “floor” for resource mobilization), as it is done under the Paris Agreement for example. It is a key opportunity to strengthen the component, given that better data on

biodiversity finance flows and better estimates of the financing needs for the Aichi Targets are now available.

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

Response:

In order to reduce investments/finance to “brown” (i.e. biodiversity-reducing) activities, it is important to:

- Develop and adopt metrics of (negative) biodiversity impacts of economic activities;
- Develop taxonomies of green/brown investments;
- Require that financial institutions disclose how much of their portfolio is financing traditional “brown” activities;
- Set clear regulations and rules (e.g. redline policy in China).

In order to boost investments/finance to “green” (i.e. biodiversity-enhancing) activities, it is important to:

- Develop and adopt metrics of (positive) biodiversity impacts of economic activities (work by IUCN STAR is of interest);
- Develop and adopt guidelines for blending;
- Harness philanthropic finance.

In general:

- Adopt taxonomies of brown/green investments;
- Harness central banks and send signals to banking systems;
- Remove perverse subsidies in agriculture, transport, energy.

(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;

Response:

Explicitly dealing with private sector financing represents a big potential in the context of the post 2020-framework. However, major hurdles to large scale private investment exist at every stage of making finance aligned with biodiversity goals: (i) biodiversity projects struggle to offer market returns to investors and lack scale and financial sophistication to leverage the wide range of instruments and resource mobilization strategies available; (ii) financial institutions lack knowledge of biodiversity, the drivers of loss and the investment challenges/opportunities it represents, and do not yet have the tools to adequately assess and monitor the risks and impacts of their investments; (iii) at the policy level, weak environmental and real sector policy frameworks typically fail to integrate ecological redlining and tax environmental “bads” and/or eliminate incentives for investments and practices that are harmful to biodiversity. Biodiversity projects remain ad-hoc, small-scale and can carry high risks and transactions costs.

To remove these barriers:

- The public sector must mainstream biodiversity considerations into fiscal and monetary policies. Decelerating brown finance (e.g., repurposing environmentally-harmful agricultural, fishing, energy subsidies and taxing the "bads"; but also increase the cost of investments that destroy biodiversity) is as if not more important as accelerating green finance. This would be important to green the fiscal regime in a budget neutral-way and create a level playing field for sustainable practices in the private sector (internalizing externalities), promoting the transition to more sustainable consumption and production practices.
- To unlock the supply of bankable, revenue-generating biodiversity conservation projects, (i) successful proof-of-concept models need to be standardized and replicated; (ii) it is important to facilitate bundling of small projects; (iii) capacity building at project remains important, to raise the financial sophistication of projects and allow them to exploit the different financial instruments and risk mitigation strategies on offer.
- Green regulations need to be established to increase the cost of investing in "brown" activities. Similarly, the public sector can favor the adoption of impact metrics by the financial and private sectors. For example, all infrastructure development and procurement must consider nature-based solutions alongside brown infrastructure and incorporate biodiversity safeguards.
- Development of better environmental traceability in value chains and use of tools such as the Natural Capital Protocol can help private companies measure and value their impact and dependencies on biodiversity, and can help consumers make more informed choices.
- In the financial sector, regulators need to send strong signals to the financial markets through: (i) the use of green investment taxonomies; (ii) establishment of ecological redlining, as demonstrated by China's experience; (iii) making environmental risk disclosure mandatory both for sovereign portfolios and for the boarder financial sector ; (iv) the adoption of environmental, social and governance (ESG) disclosure needs to be scaled up; (v) development of standard biodiversity impact measurement tools to facilitate identification and assessment of bankable projects; (vi) scaling up the supply of green credit lines & products of developing countries Local Financial Institutions that invest in biodiversity-related business (e.g. sustainable or regenerative agriculture).
- The public sector needs to continue to provide concessional finance and support blended financial solutions to leverage private investment, reducing project risk and making projects that are unable to generate market returns more commercially-attractive.

(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;

Response: [see also answers to (f) above]

Public sector finance and policies are the backbone of resource mobilization for biodiversity, both in terms of ensuring continued predictable flow of funds into biodiversity and creating the necessary regulatory frameworks and de-risking transactions to catalyze private forces.

Yes, the public sector still by-and-large lacks the tools required to value natural capital, including biodiversity, and fully understand the trade-offs between depleting natural capital today and foregoing well-being and development tomorrow when designing fiscal and economic sector policies. In addition, there is insufficient inter-ministerial and inter-sectoral coordination on the biodiversity agenda. Participation of finance and development ministries, as well as agriculture, transport, urban planning, etc. remains weak, making it impossible to mainstream biodiversity into public budgets and sector policies.

To address the information gap, first it is key to support wide adoption of natural capital accounting and ensure that biodiversity is incorporated. According to the UN Statistical Division, in 2017 69 countries have an ongoing program to implement the System of Environmental Economic Accounting (SEEA), with 22 more intending to start their own program. Interest in natural capital accounting is growing rapidly in developing countries, particularly in Africa. While these developments are positive, they are insufficient in the context of the post-2020 framework. Two actions are required on this front: (i) further expansion of natural capital accounting; and (ii) development of ecosystem services accounts (particularly for regulating ecosystem service accounts which remain experimental/ in early stages of development). Second, capitalizing on the ever-growing scientific research on biodiversity, further economic analysis needs to be carried out to improve our understanding of the links between different economic policy scenarios and biodiversity loss, the cost of inaction and the economic implications of nature's tipping points.

To mainstream biodiversity into wider economic policy and the different economic sectors, the agenda needs to be elevated the issue to the level of finance ministries.

(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.

Response:

Training and capacity building is key. But even more important is to have these activities jointly done with Ministries of Environment, Ministries of Finance/Planning, Central Banks and relevant sector ministries (e.g. Agriculture, Transport, Energy).

To make this effective, these training and capacity building activities should be built as part of the process leading up to the updating of NBSAPs. In fact, NBSAPs should be undertaken involving important ministries such as Finance.