

Special Virtual Sessions, in preparation for SBSTTA-24 and SBI-3
Special session of SBI-3, 17 September 2020
Strategy for Resource Mobilization
Panel of Experts on Resource Mobilisation: Responses to questions submitted

Questions provided in written submissions

Brazil

Question 1

Statistics demonstrate that the economic consequences of the pandemic will affect domestic financial capabilities including those to implement environmental policies, particularly in developing countries. Which role in your opinion should developed countries have in the financing of the GBF?

Response

The Panel of Experts submitted its 3rd Report as the world was entering lockdown in response to the COVID-19 pandemic. What has been evident since then is recognition by many Governments across the world of the vital importance of protection and restoration of biodiversity as an underpinning not only to prosperity and wellbeing, but also to human health. The need for transformative change is now clearer than ever.

The Panel of Experts therefore consider that our recommendations about how to mobilise resources to meet an ambitious post-2020 GBF are, if anything, reinforced by the pandemic. The need to reduce harmful impacts on biodiversity, to channel funds towards the three goals of the Convention, and to do better with the limited resources that we have, are all crucial for avoiding environmental collapse and the human suffering that will result. In this context, international funding flows, as well as transfer of technology and capacity building, will continue to be a vital element of resource mobilisation.

Question 2

In addition, which mechanisms do you believe could boost international biodiversity finance and private sector funding? What contributions, for instance, could the payment for ecosystem services system provide to increase the availability of resources?

Response

There are numerous mechanisms in place to boost international biodiversity finance and private sector funding, including regulatory approaches, fiscal tools and market-based approaches. Payments for ecosystem services is one such mechanism, which can be developed at many different scales (e.g. local, regional, national, and global), and with a range of different types of actors (including government actors, private actors and communities). The identification of the most appropriate mechanism for any given challenge should be based on a range of factors, and the pro's and con's of different types of mechanisms need to be considered in each case.

Given the breadth of mechanisms that can be applied, the Panel of Experts, in its 3rd Report, focussed more on outlining key strategic approaches to resource mobilisation, and on specific factors that should be addressed for resource mobilisation to be effective, rather than on a specific subset of finance mechanisms. Detailed information on a wide range of finance mechanisms for biodiversity, including payment for ecosystem services, can be found, among other places, on the following two online platforms:
<https://www.sdfinance.undp.org/content/sdfinance/en/home.html>
<https://www.biodiversityfinance.net/finance-solutions>

European Union

On Substance

Question 1

The expert panel proposes to establish a 'nationally determined target for domestic resource mobilization'. Domestic resource mobilization has a broad scope and entails different elements, such as fiscal reform, subsidies and other incentives, involvement of the private sector and other actors in society. What could be quality criteria that could serve as a common benchmark to define these targets?

Response

The Panel of Experts proposed language for a number of possible targets related to resource mobilization for Parties to consider. Taken together, these aim to address all three strategic elements which the Panel has recommended as the approach to resource mobilization in the post-2020 GBF. The language proposed by the Panel related to a nationally determined target for domestic resource mobilization¹ should therefore be seen in the context of the other targets proposed that may be established at a national level - including targets specifically addressing fiscal reform, subsidies and other incentives, involvement of the private sector and other actors in society.

Given the huge variety of domestic circumstances among Parties – economic, social and environmental – the Panel has not proposed a prescriptive target, but has recommended that this nationally determined target be set at a level commensurate with the ambition of the post-2020 framework, the overarching long-term goals for 2050 and action targets for 2030.

Question 2

Could the panel also provide explanation on what is meant by 'country-to-country access and benefit sharing agreements', which are suggested as an element to generate additional resources?

Response

This question refers to para 30(a) of 3rd report.

The Panel of Experts put this forward as a suggestion of a possible approach that might help generate additional resources for biodiversity. The language “country to country” was used to keep the mechanism as open as possible - in other words, to not just consider “business-to-business” or “business-to-country” agreements. The intention behind this recommendation was to suggest that this is something that could be further explored by the Parties in conjunction with the CBD and Nagoya Protocol Secretariat. The Expert Panel has not examined this issue in detail, and does not have more specific proposals in this regard.

Question 3

Synergies between financing of biodiversity and other financing, such as for climate, are a possible solution to generate more resources. In this sense what will be the best reporting and monitoring processes to avoid overlapping and duplication?

¹ *By [2022] all countries have set a nationally determined target for domestic resource mobilization, at a level commensurate with the ambition of this framework and in accordance with national needs and circumstances, and, by [2030], all Parties have achieved this target.*

Response

The Panel feels there is value in commitments for a set percentage of funding primarily aimed at climate change mitigation and adaptation to be allocated to natural solutions which have biodiversity-positive outcomes. If such a target were set, reporting on this target would be relatively simple. This would be made easier with strong synergies between the relevant UN secretariats, strong collaboration between the GEF and the GCF, and a clear and transparent process of biodiversity tagging in other funding flows.

On the process:

Question 4

Where will the discussion on monitoring elements and indicators regarding resource mobilization take place, at SBSTTA or SBI or both?

Response

The discussion on monitoring elements and indicators is supposed to take place during SBSTTA-24, and we think it is important to undertake this discussion in an integrative manner; i.e. including elements and indicators related to resource mobilization. However, given the particular expertise on finance and resource mobilization typically brought together at SBI and in the contact group on resource mobilization, delegates at SBSTTA-24 could foresee a further discussion on certain issues pertaining to resource mobilization, as and if the needs arises, at this stage.

(response provided by the Secretariat)

CBD Alliance

Question 1

Has the Panel considered how the prevalent debt-austerity nexus will hamper progress in implementation of the post-2020 GBF? Austerity means inadequate levels of ODA, multilateral contributions and domestic funding. It is also caused by high levels of international debt. While the COVID-19 pandemic has demonstrated that governments can and will mobilise resources when there is political will, many developing countries are tied to servicing their debts, at the expense of biodiversity conservation.

Response

Given the timelines for the delivery of the Panel's reports, the Panel was not in a position to explicitly address in its Reports the issue of the growing debt arising from COVID-19 recovery efforts and its possible implications for the resourcing of the post-2020 GBF. The Panel is however aware of the importance of this issue, which may present both challenges and opportunities. As the question suggests, the demands on Government budgets, in developing and developed countries alike, to tackle the immediate health and economic crises caused by the pandemic may put pressure on the availability of funding for biodiversity. On the other hand, there is a widespread and growing recognition among Governments of the interaction between biodiversity loss and the risk of future zoonotic disease outbreaks, and of the interdependence of the crises of climate change and of biodiversity loss and ecosystem degradation, including at Head of State/Head of Government level. The recent Leaders' Pledge for Nature², endorsed by 77 countries to date, is one such example. This high level of political concern about nature may help Governments to maintain priority for funding of biodiversity conservation and restoration, whether domestically or through international flows.

In addition, the rapidly rising levels of debt which COVID-19 recovery plans have precipitated could present an unexpected opportunity to generate new, and potentially significant, sources of funding for

² <https://www.leaderspledgefornature.org/#endorsers>

biodiversity conservation and restoration. The Panel is aware of considerable discussion on this subject and a number of initiatives which are seeking to provide a joint solution to the twin problems of growing sovereign debt in developing countries and high levels of biodiversity loss. The Finance for Biodiversity Initiative for instance has proposed the development of a new and innovative asset class of Nature Performance Bonds³ which could provide substantial funding flows for indebted countries willing to commit to specific, measurable commitments to biodiversity protection and restoration. Other initiatives, more akin to traditional debt for nature swaps, have been suggested by organisations such as the International Institute for Environment and Development (IIED)⁴, and the Panel is also aware that several other organisations, including the IMF, World Bank, The Nature Conservancy, and WWF, are exploring the scope for tackling the twin challenges of growing indebtedness and biodiversity loss in a joined up way.

Question 2

The Panel acknowledges in its reports that there are limitations – under current economic and regulatory frameworks– of private sector finance to fill the gaps in funding for biodiversity conservation left by the public sector. Has it considered the need to regulate private finance and investment to prevent negative impacts on biodiversity and its custodians?

Response

The Panel’s recommendations emphasise the importance of regulatory, fiscal and policy-based approaches, working together with market-based approaches in a smart policy mix. We have stated that effective resource mobilisation will require transformative change, requiring ‘fundamental shifts in economic systems’ (para 11). Some specific examples of what the Panel has recommended Governments can do in this regard are to be found in paragraphs 22(b), 23 (b) and (c), and 24 (a) and (b) of the Panel’s 3rd Report. The Panel of Experts also makes recommendations for central banks and development banks to adjust their own policies and processes, essentially changing the ‘rules of the game’ for actors in a market economy. Please refer to paragraphs 23 (d) and (e) for these recommendations.

Question 3

We see from the failure to achieve Aichi Target 3 that efforts to reduce or redirect resources causing harm to biodiversity are stymied by a reliance on voluntary approaches. What does the Panel recommend in terms of the need for strong policy measures to be backed up by the requisite regulatory measures?

Response

As mentioned in our response to Q2, the Panel supports regulatory measures as part of the policy mix.

Question 4

Does the Panel recognize the serious challenges to market-based instruments, including the incentivisation of environmental harm and on-going violations of land rights? We are particularly concerned with the hype over nature-based solutions, not least because it is used by fossil fuel emitters to offset their emissions and to continue emitting. It obscures the urgent need to decarbonize our economies and to stop fossil fuel emissions, with the failure to do so causing more biodiversity harm. From the financing point of view, the false claim of nature-based solutions is unworkable, as investors themselves are not investing in carbon offset markets, considering them “too risky”.

Response

We will seek to respond in a stepwise approach to the multiple questions within this one question:

³ <https://www.f4b-initiative.net/news/new-“nature-performance-bond”-to-tackle-twin-sovereign-debt-and-biodiversity-crises>

⁴ <https://pubs.iied.org/16674IIED/>

Regarding the part of the question: “Does the Panel recognize the serious challenges to market-based instruments, including the incentivisation of environmental harm and on-going violations of land rights?”

The Panel does recognise the risks of violations to land rights, and environmental harm. Unfortunately, violations of land rights as well as the incentivisation of environmental harm can be created by, or under the name of, ill-conceived regulatory approaches as well as market-based instruments.

With this in mind, the Panel would like to reiterate the Overarching Principle in our 3rd report under Section I A - “Ensure that transformative change is inclusive and equitable” and the paragraph detailing this principle, paragraph 11. The Panel has also stressed the importance of developing and improving regulations and policies in the public and private sector to reduce harm to biodiversity – most specifically to be found under Section III of the 3rd Report.

Regarding the CBD Alliances’ specific concern on nature-based solutions:

The Panel’s 3rd report refers in para 29 to ‘natural solutions to climate change’ and explicitly focuses on natural solutions that result in biodiversity-positive outcomes. Para 29 (c) talks about “.... Funding for natural solutions for climate change adaptation and mitigation *that deliver co-benefits for biodiversity* should be identified and scaled up,...” (emphasis added). The Panel does not believe that nature-based solutions should in any way undermine the need for genuine carbon reductions towards net zero across all sectors of the global economy.

Questions submitted through the chat box

Egypt

Question posted at 8:25AM:

How to ensure global mobilization of resources without a proper business plan and proper financial mechanism?

Answer

The post-2020 global biodiversity framework and the strategic approach to resource mobilisation proposed by the Panel of Experts could be used as a starting point for practical implementation at the global level. At the national level, the Panel of Experts recommends that a business plan can be driven by a revised NBSAP and a national biodiversity finance plan. NBSAPs should include the identification of the drivers of loss, and activities to address these drivers. Activities should be clearly linked to intended outcomes that support the achievement of national targets, and the prospective costs of implementation should be calculated, as well as the identification of the most cost-effective options for achieving the intended biodiversity outcomes. National biodiversity finance plans should be developed alongside NBSAPs, following the methodology of the Biodiversity Finance Initiative (BIOFIN) of the United Nations Development Programme or similar methodology. These plans should address all three components of resource mobilization, as set out in the Panel’s 3rd Report.

A strengthened financial mechanism will be an important element of ensuring global mobilisation of resources, as will the other elements of mobilising sufficient resources, as proposed in the *Update of the Zero Draft of the Post-2020 Global Biodiversity Framework*, paragraph 13(a), and in line with the recommendations of the Panel of Experts.

Switzerland

Question posted at 8:59 AM:

Could the Panel of Experts indicate what in their view and based on their experience would be needed to shift the global financial flows in favor of biodiversity net-positive development?

Answer

Shifting global financial flows in favour of biodiversity is a crucial element of resource mobilisation. The Panel of Experts in its 3rd Report recommend a number of actions that can be taken to shift global private and public funds towards biodiversity net-positive development, with actions recommended under each the three components of resource mobilisation: reducing or redirecting resources causing harm to biodiversity; generating additional resources from all sources to achieve the three objectives of the Convention; and enhancing the effectiveness and efficiency of resource use. Achieving such an outcome will need engagement and commitment from actors across society, both public and private.
