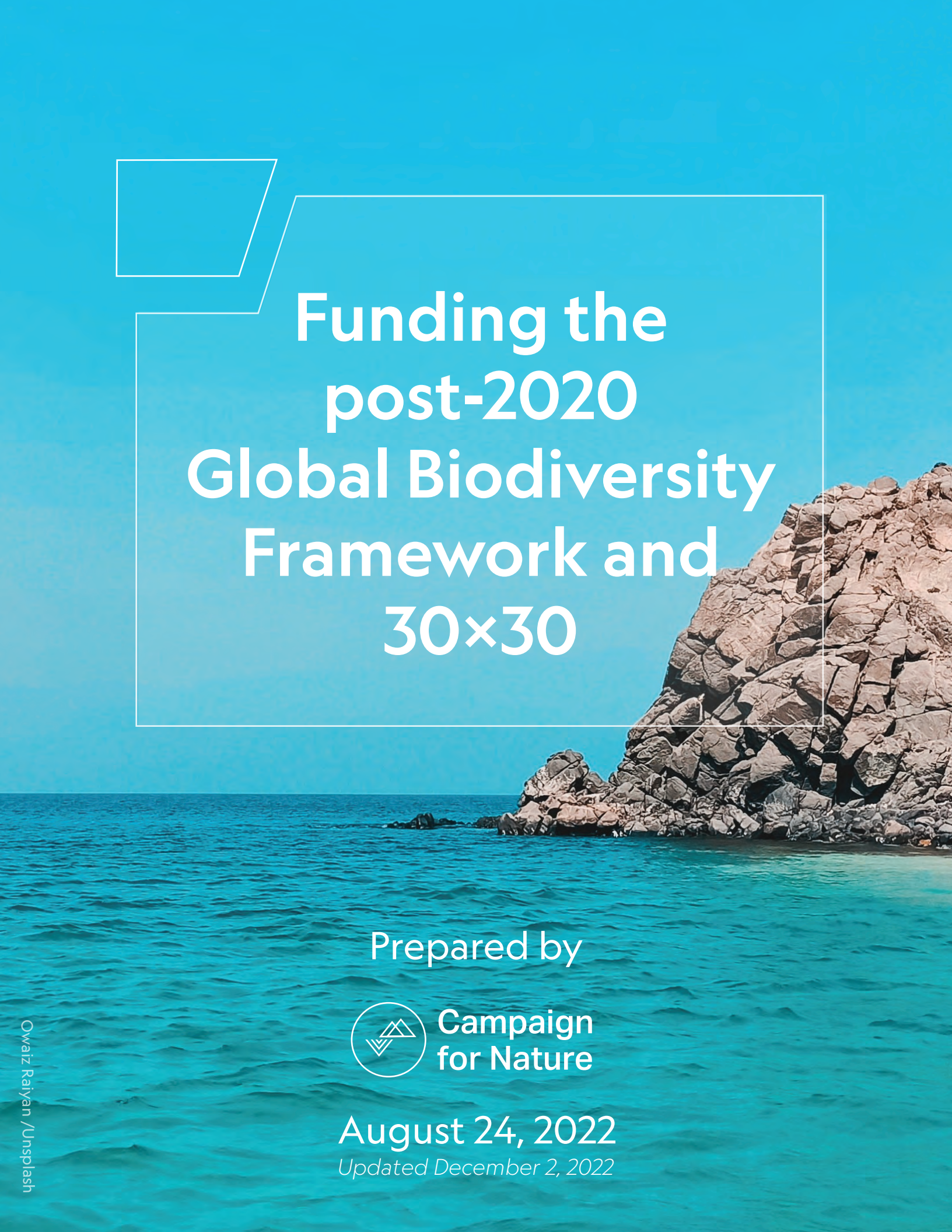
Funding the post-2020 Global Biodiversity Framework and 30×30



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Overview

This briefing provides an overview and status update of resource mobilization issues and discussions in the runup to COP15 for both the implementation of the full post-2020 Global Biodiversity Framework (GBF) and the specific 30x30 target. Fundamentally, biodiversity goals must be adequately funded if they are to be achieved and a lack of financial resources was one of the main reasons that none of the Aichi targets were fully met. Resource mobilization is currently one of the most critical sticking points in the CBD negotiations. It is clear that closing the global biodiversity finance gap and achieving a comprehensive, ambitious, and just GBF, including 30x30, will require increased financial resources from all sources and from all Parties.

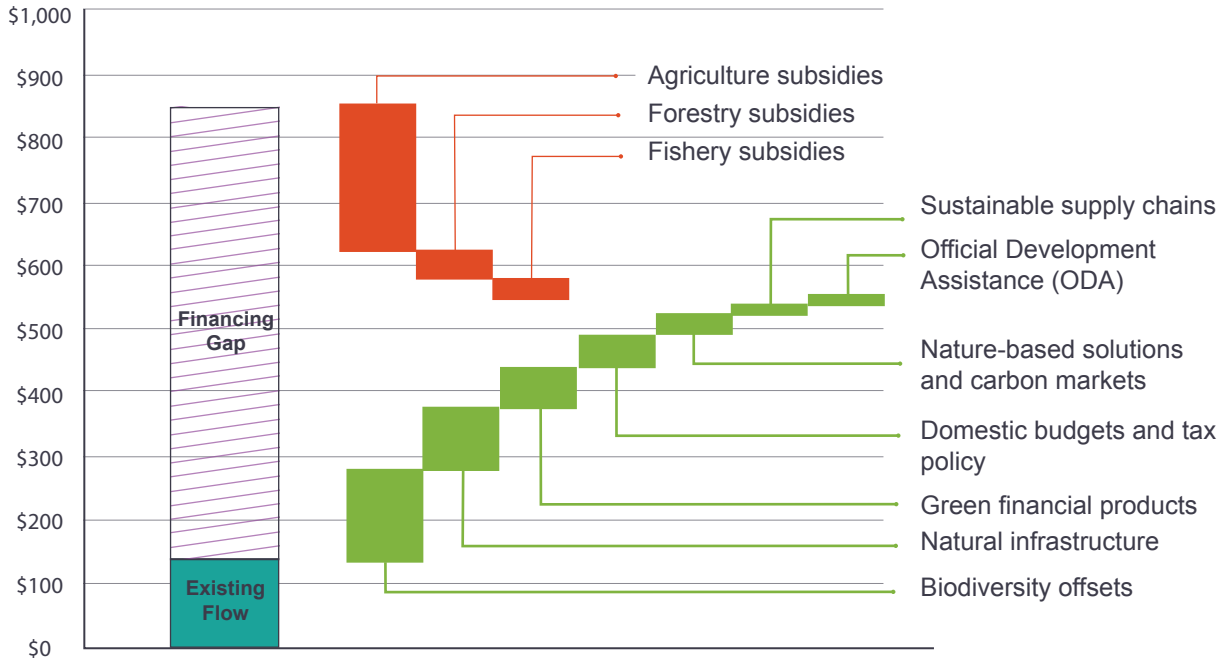
Defining the Biodiversity Funding Gap

The most widely accepted estimate of the overall global biodiversity funding gap comes from the 2020 report from the Paulson Institute, The Nature Conservancy and Cornell University (the "Paulson report"). It estimated total global biodiversity funding requirements to be approximately $800 billion annually compared to current global estimated spending of approximately $100 billion, resulting in a gap of $700 billion - a figure that has been widely cited and was included in the first draft of the GBF. [Note: all figures in this briefing are in US$.]

Filling the Biodiversity Funding Gap

The Paulson report contained two fundamental ways to fill the biodiversity funding gap: reducing subsidies that are harmful to biodiversity and increasing financial resources for biodiversity. Within these broad areas, the report contained a range of suggested mechanisms that could close the gap, including three sectors in which to reform subsidies that are harmful to nature and seven ways to increase financial resources, as indicated in the figure from the report (below).

Estimate of growth in financing resulting from scaling up proposed mechanisms by 2030. *(in 2019 US$ billion per year)*



The first draft of the GBF contained two Targets that quantified the two fundamental ways to close the gap: Target 18 called for reducing harmful subsidies by $500 billion annually and Target 19 called for increasing financial resources to $200 billion annually. Presumably, the addition of the $500 billion of subsidy reform and the $200 billion of financial resources was intended to fill the $700 billion funding gap. These targets have been the source of lengthy discussions during the subsequent Open Ended Working Group meetings and the latest draft of the GBF now has a significant number of bracketed elements for both Target 18 and Target 19

While most agree with the need for subsidy reform so that governments stop subsidizing industries that destroy the natural world, for Target 18, many questions have been raised around:

1. the feasibility of generating this reform at a scale of $500 billion annually;
2. to what extent (if any) subsidy reform will translate into additional financial resources (i.e., subsidy reform may remove incentives to harm nature but the removal of harmful subsidies is unlikely to lead to a new allocation of a commensurate level of funding for safeguarding nature);
3. the timeframe necessary to achieve subsidy reform at this (or any meaningful) scale; and
4. the lack of a current agreed-upon global baseline of harmful subsidies and an ability to measure subsidy reform success that can be used to judge progress toward Target 18.

This skepticism is not unwarranted, given the lack of historical success in reforming subsidies (including agricultural, fisheries, forestry and, importantly, fossil fuel subsidies) and the political challenge of overcoming the entrenched interests that benefit from current subsidies.

With regard to generating and increasing financial resources for biodiversity, for Target 19, questions have been raised about whether the $200 billion should be a total or an increase over existing funding levels (for the math to work, it would have to be an increase above current levels, since the total need is $800 billion and a total of $500 billion of subsidy reform and $200 billion of total resources would only yield $700 billion) and whether even an increase of $200 billion is sufficient.

To the extent that the world is not successful in reforming subsidies at the level of $500 billion called for in Target 18 or redirecting them into nature protecting, restoring or sustainably managing activities, financial resources would need to increase by an amount equivalent to the shortfall in subsidy reform in order to close the $700 billion funding gap as outlined by the Paulson report.

Other options for closing the gap have been suggested in the OEWG discussions, perhaps most notably the proposal by the AGN to dedicate 1% of GDP to nature. In 2020, global GDP was $85 trillion, so 1% of that amount translates into $850 billion per year, which is roughly equivalent to the amount of required biodiversity funding estimated by the Paulson report. Many questions remain about this proposal, including whether this could be a commitment each country would make or whether it would be a global commitment (with some countries allocating more than 1% and some less), and under what conditions countries would make such a commitment, and of course how those funds would be managed and distributed.

The Role of International Finance and ODA

Official Development Assistance (ODA) plays an outsize role in the CBD negotiations for a variety of reasons, including:

- its importance in building trust between developed countries, who in many cases are pushing for ambitious goals, and developing countries, where much of the cost for protection and restoration will need to take place;

- its ability to build capacity and catalyze domestic resources in developing countries;
- its near-term availability;
- the potential economic development and health co-benefits associated with it;
- the economic imperative to reflect impacts on biodiversity from international trade and the value of global public goods; and,
- the moral imperative for rich countries to provide economic assistance to poorer countries.

Target 19 in the first draft of the GBF included an increase of $10 billion in international financial flows as part of the $200 billion of overall financial resources. ODA is often used as a proxy for measuring these flows, though they could also include non-concessional government funding as well as private debt and equity investments and philanthropic funding. Some have referred to the additional $10 billion as a "doubling of the doubling," a reference to the doubling of international finance that was committed to biodiversity in 2012 and mostly achieved by 2015. With current biodiversity ODA at $4-9 billion (with the low end of the range representing only ODA with a principal goal of biodiversity and the upper end including ODA with either a principal or significant goal of biodiversity), the additional $10 billion represents roughly a doubling of the high end of the current range.

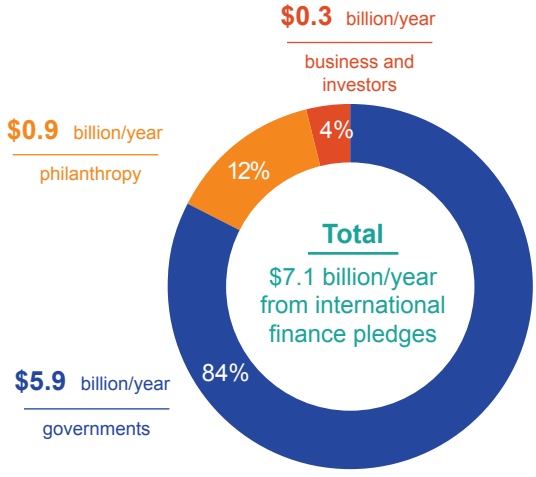
A group of leading NGOs has recommended that annual international funding for biodiversity instead be increased to at least $60 billion based on research that shows that 30% of global threats to biodiversity are generated by international trade, particularly trade in commodities destined for use in developed countries. Multiplying 30% by the $200 billion in Target 19 of the first draft of the GBF yields $60 billion. The NGO group also recommends that the funding is primarily in the form of grants and that a material portion of it goes directly to IPLCs.

The AGN has proposed $100 billion of international biodiversity funding. Research shows that more than 50% of the biodiversity loss associated with consumption in developed economies occurs outside their territorial boundaries and 50% of $200 billion equals $100 billion.

In addition to the amount of funding, questions have been raised about how it should be pooled and distributed. Many Parties have voiced concerns over the accessibility of existing funding mechanisms and have proposed a variety of ways to address this issue, including a new mechanism within the GEF and a new Global Biodiversity Fund, analogous to the Green Climate Fund. There is also the opportunity to grow existing, and develop innovative new, bilateral mechanisms that are accessible, effective and efficient and can get funding to the ground where it is needed in the near term (e.g., the Legacy Landscapes Fund).

The Current Status of International Biodiversity Finance Pledges

A group of five NGOs led by CFN and WWF has released the only comprehensive tracker of publicly announced international biodiversity finance pledges. The latest report details total announced commitments of $34 billion, equating to $7.1 billion per year, of which governments account for $5.9 billion per year, philanthropy $0.9 billion per year and businesses and investors $0.3 billion per year. While well shy of what is needed, these pledges represent an increase of over $2.5 billion per year, including large increases from Canada, Denmark, the EU, France, Germany, and the UK, and many countries have not announced pledges yet. Efforts are currently underway among a group of Parties to address this issue prior to COP15.



The Costs and Benefits of 30x30

The most comprehensive assessment to date of the costs and benefits of 30x30 (the "Waldron report") estimated that the total cost to implement 30x30 is approximately $100 billion per year (note a somewhat higher estimate of the cost of 30x30 is included in the Paulson report). When compared to current protected area spending of roughly $20 billion, the 30x30 funding gap is estimated to be $80 billion per year. A follow-on to the Waldron report found that over 80% of current spending is in high income countries, leaving low, lower-middle and upper-middle income countries with an even larger relative funding gap - total PA spending in those countries is only equivalent to the annual budget of the US National Park Service.

Crucially, the Waldron report found that protecting 30% of the world's land and ocean provides greater benefits, both in terms of financial outcomes and non-monetary measures like ecosystem services, than the status quo. These benefits outweigh the costs by a factor of at least 5:1. Based on the work of over 100 scientists and economists, the report is the first multi-sector analysis that assessed the global impacts of terrestrial and marine protected areas across the nature conservation, agriculture, forestry and fisheries sectors and it represents the most comprehensive global assessment of the financial and economic impacts of protected areas ever completed.

Separately, McKinsey found that increasing protected areas to 30% of land and ocean would support 30 million jobs in ecotourism and sustainable fisheries, directly add 650,000 new jobs in conservation management and support $500 billion of GDP in ecotourism and sustainable fisheries, in addition to reducing CO2 emissions by 2.6 gigatons annually, decreasing the risk of zoonotic diseases and expanding protected habitats of endangered species by 2.2 to 2.8 times.

The Current Status of Financial Pledges for 30x30

The Protecting our Planet Challenge group of nine foundations pledged $5 billion over 10 years to support the implementation of 30x30. Many multi-donor initiatives will also support 30x30, including the $19.2 billion Global Forest Finance Pledge (which includes the $1.7 billion IPLC Pledge and the $1.5 billion Congo Basin Pledge) and innovative public-private partnerships like the Legacy Landscapes Fund, which provides long-term funding for protected areas in developing countries and currently has $230 million of capital toward a goal of $1 billion.

Investment versus Cost

Multiple studies have confirmed that funding biodiversity is an investment, not a cost, that maintains the critical ecosystem services that are the foundation of civilization and the world economy and yields positive financial, economic and ecological returns.

- The Dasgupta Review provides a fundamental economic rationale for investing in nature.
- Researchers found that nature provides over $125 trillion per year worth of ecosystem services and also found that our destruction of nature results in an estimated $1.4 trillion of economic losses each year, equivalent to 1.6% of global GDP.
- The World Economic Forum ranked biodiversity loss as one of the top three risks on a global scale over the next 10 years. The WEF estimates that $44 trillion of economic value generation – over half the world's total GDP – is moderately or highly dependent on nature and its services.
- Swiss Re reports that 55% of global GDP is dependent on high-functioning biodiversity and ecosystem services and 20% of countries are at risk of their ecosystems collapsing due to a decline in biodiversity and related beneficial services.

- The World Bank estimates that investing in nature can grow the world economy and avert the potential loss of $2.7 trillion in annual global GDP if biodiversity collapses.
- Researchers at the University of Cambridge have determined that biodiversity loss can negatively impact sovereign debt ratings.
- The World Economic Forum found that a transition to a nature-positive economy could generate up to $10.1 trillion in annual business value and create 395 million jobs by 2030.

For protected areas specifically, in addition to the Waldron and McKinsey reports on the economic returns of investing in 30x30 described above:

- The World Bank makes the case for investing in protected areas by providing evidence that for every dollar invested in protected areas and promoting sustainable tourism, the rate of return is at least six-fold.
- The International Monetary Fund found that investments in biodiversity conservation have higher economic output multipliers than investments in non-eco friendly land use activities.
- Researchers found that protected areas generate $600 billion of economic activity from eight billion visits per year.
- Multiple studies have found that marine protected areas can provide both economic and ecological returns if they are well designed and managed (for example, here, here, here, here and here).
- A study of the economic impacts of the United States National Park System (USNPS) estimates that the system generated 340,500 jobs and $41.7 billion of economic output in 2019, a 10x return on the $4 billion USNPS annual budget.

Conclusion

It is clear that more focus on resource mobilization is needed in the runup to COP15 and that more domestic and international resource commitments will be needed in order to reach and implement a comprehensive, ambitious, and just post-2020 GBF and 30x30. Donor countries will also need to demonstrate how their commitments will be made tangible and available in the near term to get funding on the ground where it is needed in developing countries. Ultimately, a political compromise needs to be reached. The question for all of us is, how can we all help contribute to reaching that compromise?

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