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International funding for biodiversity: where do we stand with the dedicated fund agreed at COP15?

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The compromise reached at COP15 on the creation of a new fund under the aegis of the existing mechanism, the Global Environment Facility (GEF), landed last week. The GEF, which had been given the mandate to rapidly set up this fund, the Global Biodiversity Framework Fund, to support the implementation of the Kunming-Montreal Global Biodiversity Framework and thus meet the demands of many developing countries, adopted its main terms and conditions at its Council meeting in Brasilia (June 26-29). These discussions and negotiations are taking place in a context of broader discussions on the reform of international financial institutions. Despite its specific nature, this fund will therefore have to become a key mechanism working with all the players in the international financing architecture to attract donors and bear fruit where funds are most needed. What are the obstacles and opportunities for significantly improving these international mechanisms dedicated to financing biodiversity?

A positive compromise?

The GEF Trust Fund, hitherto the only funding mechanism of the Convention on Biological Diversity (CBD), has just approved the [second work programme](#) of its 8th replenishment (2022-2026 period) since its creation, with a record USD 1.4 billion, mobilising a total of USD 9.1 billion in co-financing. Half of these funds are for biodiversity projects. At the same time, the 64th GEF Council agreed on the main arrangements¹ for setting up the Global Biodiversity Framework Fund (GBF Fund), an additional fund dedicated to implementing the 23 targets of the Kunming-Montreal Global Biodiversity Framework (GBF), which will therefore be managed by the GEF. These arrangements respond in part to requests from recipient countries, which have criticised the difficulties of accessing funding and the administrative and disbursement delays, while at the same time relying on the existing structures of the GEF, thus avoiding the many years needed to create an independent fund requiring the tedious development of a "back office" mainly linked to financial engineering.

Nevertheless, while some progress can be noted and appreciated and will undoubtedly enable the first projects to be launched between now and the CBD COP16 in 2024, the short timeframe for setting up the fund and disagreements do not allow for a transformative reform of practices in terms of multilateral biodiversity financing. Certain considerations have been set aside, including the prioritisation of certain actions (e.g. support for the reform of harmful subsidies and incentives), direct access to the fund by national authorities carrying out projects and local communities on the ground (the GEF Trust Fund currently relies on implementing agencies, which will also be the case for the GBF Fund), and more inclusive governance to involve other key players.

However, a consensus has emerged since COP15 in December 2022 that this fund should be a complementary mechanism to the GEF Trust Fund, but above all an innovative one with high added value to attract donors and also mobilise more public and private co-financing.² To achieve this, certain operational elements should not be underestimated in their potentially strategic scope, which could support the achievement of target 19 of the GBF.³

The GBF Fund will need to mobilise the multilateral development banks and the private sector (commercial, financial and philanthropic sectors) to a greater extent in order to contribute to the scaling up of funding and trigger a multiplier effect from public funding in the form of grants. In this sense, the GBF Fund should be able to move in an interesting direction, but one that will surely prove difficult to deploy without moving away from incremental developments to date. Is a transformative yet gradual reform approach possible?

The challenge of operationalising differentiated needs

For the first time at a GEF Council meeting, the usually highly technical and operational discussions were particularly lively. Biodiversity funding needs differ between recipient countries, for example between countries with key areas for biodiversity (often large emerging countries such as Brazil and Indonesia) and the least developed countries (LDCs) or Small Island Developing States (SIDS), for which it is more difficult to access funds, even though their needs are fundamental given their increased vulnerability due to unstable socio-ecological and socio-economic systems⁴ and weaker capacities. This reinforces the need to rapidly finance studies that will enable the States, particularly the most vulnerable and poorest, to express and specify investment programmes that correspond to these financing needs and an inventory of existing financing (this is the purpose of the National Biodiversity Financing Plans). These differentiated needs call for targeted action, but must not lead to competition between developing countries, which must all receive the support they need to achieve the objectives they have set themselves in their national biodiversity strategies and action plans (NBSAPs).

The more general question raised by these debates on the needs and responsibilities of countries concerns the traditional dichotomy between the conservation of key areas considered to be 'common goods' (or global environmental benefits in the context of the GEF) and the necessary definition of development pathways compatible with the GBF objectives; a dichotomy that needs to be overcome.⁵ Indeed, the new fund will only be able to be transformative if it enables greater coherence to be activated within public and private funding, which must no longer act in opposition to or erode efforts to conserve and sustainably use biodiversity, an internal contradiction between public and private funding. The Council was also an opportunity for some representatives to point out the very real difficulties linked to the debts and reforms of international financial institutions and multilateral banks, which will also have a role to play in implementing projects under the GBF Fund, through their own dedicated window (25%), despite the fears of some countries that their debts will increase still further.

The need for transformative and coordinated reforms

These advances (dedicated allocations, willingness to mobilise multilateral banks and financial institutions as well as the private sector) are good news, but they should not overshadow the need to reform the architecture of multilateral funds. The GBF Fund, and *a fortiori* the GEF, which has the potential for change, could consider more structural reforms. Will these funds be able to move towards a more strategic approach (as opposed to a succession of projects), a direction already taken by the GEF after several replenishments? This "programmatic" approach, which leads to greater coherence, implies that the funds will be anchored primarily at national level, where priorities will have to be clearly defined, in particular through biodiversity financing plans. In this way, investments and funds will respond to needs in a more targeted way, based on national plans that still lack a long-term vision. A different, more ambitious type of coordination will also be needed between all the players involved in international financing and the implementation of the GBF, in order to strengthen the comparative advantages of each, and to involve those who are not yet around the table. Following the Council meeting in Brasilia, the GEF Assembly to be held in August in Vancouver (Canada) will ratify the GBF Fund, but will above all be an opportunity for the developed countries to commit themselves through initial donations, without which the fund will not be able to function.

The Vancouver meeting should also launch a discussion on the reforms of these specific mechanisms and instruments dedicated to financing biodiversity, including the GEF, for which discussions are scheduled for 2025. Between now and then, the GBF Fund will be required to show results on an ongoing and progressive basis. In the shorter term, the international community could therefore take advantage of summits such as the annual meetings of the World Bank and the IMF in Marrakech in October and then COP28 on climate change in Dubai to come together and show that it is paying attention to the implementation of the objectives adopted at COP15.

¹ See GEF/C.64/05 et GEF/C.64/06/

² The GBF Fund, like the GEF Trust Fund, will receive contributions from developed countries which will then be redistributed as grants in the majority of cases, mobilising co-financing, but also other concessional financing instruments (see those planned under GEF-8): https://www.thegef.org/sites/default/files/documents/2022-11/EN_GEF_C.63_12_GEF%20Blended%20Finance%20Global%20Program%20and%20NGI%20Policy%20Update_%20_1.pdf)

³ "Substantially and progressively increase the level of financial resources from all sources, in an effective, timely and easily accessible manner, including domestic, international, public and private resources, in accordance with Article 20 of the Convention, to implement national biodiversity strategies and action plans, mobilizing at least \$200 billion per year by 2030...": <https://www.cbd.int/doc/decisions/cop-15/cop-15-dec-04-fr.pdf>

⁴ See IDDRI's work on defining vulnerability in the context of loss and damage : <https://www.iddri.org/en/publications-and-events/study/defining-climate-vulnerability-context-loss-damage-scientific-legal>

⁵ IDDRI brings to the debate a theory of change along these lines. <https://www.iddri.org/en/publications-and-events/other-publication/transforming-multilateral-biodiversity-finance-theory>

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