

INFROMAL INTERGRATED FINANCING MEETING REPORT DURING SBSTTA 25



EPU's Informal Meeting on Integrated Financing to Finance the GBF

Date: 17th October 2023

Venue: Law Division Meeting Room

United Nations Environment Programme (UNEP), in collaboration with the African Development Bank (AfDB) convened an informal meeting on 17th October 2023 on 'Developing Capacities to Deal with Financing'. The 15th meeting of the Conference of Parties (COP 15) to the Convention on Biological Diversity (CBD) saw the adoption of the Kunming Montreal Global Biodiversity Framework (KMGBF).

The KMGBF encompasses 4 overarching goals and 23 targets to be achieved by 2030 and 2050, respectively. Notably, Goal D of the KMGBF acknowledges a biodiversity financing gap of \$700 billion per year, emphasizing the necessity for aligning financial flows with the KMGBF and its 2050 vision for biodiversity.

Target 18 underscores the importance identifying, eliminating, and progressively phasing out/reforming incentives, including biodiversity harmful subsidies, with a goal to reduce harmful subsidies by \$500 billion per year. Concurrently, Target 19 aims to increase financial resource mobilization from different sources, including blended finance and leveraging private finance investment, with an aspiration to mobilize an additional \$200 billion per year by 2030.

To facilitate the mobilization of financial resources for the KMGBF'S implementation, a multitude of guidance documents and tools have been developed. These guidance documents and tools are particularly valuable for sovereigns as they prepare to update their National Biodiversity Action Plans (NBSAPs), and set their national targets, and undertake their implementation. The United Nations Environment Programme (UNEP) and the United Nations Development Programme (UNDP) are providing support to 138 countries through the GEF Global Biodiversity Framework Early Action Support (GBF-EAS) project, funded by the Global Environment Facility (GEF). This project aims to expedite countries' readiness for early actions to implement the CBD.

One of the project objective is to explore the implementation of the GBF targets relating to financing and national financing targets. Concurrently, UNEP is conducted an intensive study on mapping diverse biodiversity financing options applicable at the country level and importantly on prioritizing and implementing the relevant financing options, despite the existing guidelines and

methodologies for conservation action. Accounting for financing including for nature, biodiversity and ocean finance is now becoming complicated and a competing agenda at the country level. UNEP's is assisting countries in articulating principles and approaches related to integrating more financial resources.

Partnership Between UNEP and African Development Bank (AfDB)

The partnership between UNEP and AfDB plays a fundamental role in catalyzing finance for effective environmental management. This collaboration resulted in the establishment of an Expert Working Group on financing, which will provide technical expertise and knowledge to African countries to enhance greater biodiversity financial resource mobilization to implement the KMGBF.

The expert group's mandate extends to identifying additional nature financing gaps and opportunities, addressing them accordingly while combating environmental degradation. Regional consultations with national and Multilateral Environmental Agreements (MEA) focal points highlighted the need to assist and guide countries in nature financing and transform opportunities and options into action. As a response, a regional community of practice is being established to serve as an information exchange platform, sharing experiences and technical capacity for implementing nature financing at the sub regional and regional level.

Matters Arising from Plenary.

- Capacity building and development along the financing value chain, including financial institutions such as bank managers and employees, national focal points, and relevant stakeholders, are vital for promoting a clear understanding of nature financing and enhancing local-level action and support.
- Capacities at the Multilateral Development Banks (MDBs) level, including among employees, must be built to identify gaps and opportunities as they arise. Collaboration with other MDBs with expertise in specific forms of nature financing, such as the West African Development Bank has vast expertise in ocean/blue finance, the Asian Development Bank is seasoned in environmental and social safeguards and the Latin America Development Bank is well-versed in working with indigenous people and local communities to increase financial institutions positive investments in biodiversity, this is essential.

- Operationalizing nature financing principles and approaches at the ground level and leverage on poly lateral funding from diverse environmental funding agencies are key.
- Mechanisms to de-risk micro, small and medium enterprises (MSMEs) must be devised to increase their bankability and credit worthiness, given their significant contribution to economic development and their role as eco-innovators and eco-adapters. Additionally, increasing concessional finance and blended finance to accelerate MSMEs investment in nature.
- Stakeholder engagement, including banks, governments, private sector, local communities, policy makers and researchers, is crucial for developing and implementing various nature financing instruments.
- Policy coherence and regulation are essential for aligning and effectively implementing biodiversity finance, followed by the development of monitoring and reporting tools to evaluate countries' in achieving their climate targets.
- The exploration of blended finance to attract private sector investment in nature is an important strategy.
- Augmenting risk assessment and calculating expected economic returns are crucial to increasing visibility and investment in nature from the banking sector. Incentivizing investors in nature and increasing awareness of the profitability of investing in biodiversity is equally important.
- Collaboration with agencies and organizations involved in biodiversity financing, such as IFAD, which has implemented a debt-for-nature swap and is currently implementing the . UPPER TANA Nairobi Water Fund which works with farmers upstream of Tana River in Kenya to restore land and enhance environmental protection and ensure downstream water users access quality water and they in turn pay farmers upstream to restore the land, is recommended.
- Capacity development for focal points, government representatives, MEAs focal points and institutions in proposal development to access biodiversity financing from diverse funding agencies is crucial.
- Mainstreaming biodiversity in investment plans at the country and regional level is pivotal, learning from successful investment in sectors such as infrastructural at AfDB.

Upcoming Events

- On 6-7 November 2023, an event on integrated finance will take place in the Caribbean Region, focusing on integrated financing with ocean finance, climate finance, and biodiversity finance as common building principles and approaches as options for nature financing. Some biodiversity financing funds in this region include the Caribbean Biodiversity Fund, and several countries have implemented their national biodiversity funds.