WHERE'S THE MONEY FOR BIODIVERSITY?

At COP16 in Colombia, Parties failed to figure out ways of funding initiatives to protect biodiversity. They were supposed to discuss a strategy for resource mobilization to help secure $200 billion annually by 2030 from all sources, as guided in Target 19 of the Kunming-Montreal Global Biodiversity Framework (KMGBF).

COP16 brought the Parties together for the first time since the KMGBF was adopted in 2022. The Framework sets four overarching global goals to protect nature by 2050 and 23 environmental targets to be achieved by 2030. The 23 targets are

divided in three major groups: Reducing threats to biodiversity (Targets 1–8); Meeting people's needs through sustainable use and benefit-sharing (Targets 9–13); Tools and solutions for implementation and mainstreaming (Targets 14–23). Resource mobilization is part of the third category.[1]

The issue of resource mobilization will once again be addressed in 2025 at the resumed COP16 meeting from February 25–27. Parties will also look at the possible creation of a new dedicated global financing instrument for biodiversity to receive, disburse, mobilize and articulate funding needs. Parties will also endorse the achievements of the Global Environment Facility (GEF), provide guidance for its 9th replenishment negotiations and invite further contributions to the Global Biodiversity Framework Fund (GBFF).[2]

What is the current status of funding?

The global economy heavily relies on natural resources and the ecosystem services they provide. A report, *Managing Nature Risks: From Understanding to Action*, published in April 2023 by PwC shows that about $58 trillion, or 55 per cent of global GDP, is dependent on nature. This figure has increased by $14 trillion since 2020, indicating greater reliance on ecosystems for economic activities.[3]

KMGBF calls for increasing biodiversity finance to $200 billion annually from all sources by 2030. A note "Exploration of the biodiversity finance landscape" by CBD secretariat published on October 8, 2024 suggests that estimates of funds required and the current biodiversity financial flows vary significantly based on the methodologies and data sources used. For example, these can be as low as USD 78 - 91 billion per year to USD 124-143 billion per year. There is a need to resolve such discrepancies and provide a clear picture of funds available and its source.

The Biodiversity Finance Factbook, published in October 2024, indicates that $208 is available and provides a snapshot of who is providing how much of the funds (*see Table 1*).[4]

Target 19: Mobilize $200 billion per year for biodiversity from all sources, including $30 billion through international finance

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, including by:

(a) Increasing total biodiversity-related international financial resources from developed countries, including official development assistance, and from countries that voluntarily assume obligations of developed country Parties, to developing countries, in particular the least developed countries and small island developing states (SIDS), as well as countries with economies in transition at least $20 billion per year by 2025, and $30 billion per year by 2030;

(b) Significantly increasing domestic resource mobilization, facilitated by the preparation and implementation of national biodiversity finance plans or similar instruments, according to national needs, priorities and circumstances;

(c) Leveraging private finance, promoting blended finance, implementing strategies for raising new and additional resources, and encouraging the private sector to invest in biodiversity, including through impact funds and other instruments;

(d) Stimulating innovative schemes such as payment for ecosystem services, green bonds, biodiversity offsets and credits, and benefit-sharing mechanisms, with environmental and social safeguards;

(e) Optimizing co-benefits and synergies of finance targeting the biodiversity and climate crises;

(f) Enhancing the role of collective actions, including by indigenous peoples and local communities, Mother Earth centric actions and non-market-based approaches, including community-based natural resource management, and civil society cooperation and solidarity aimed at the conservation of biodiversity;

(g) Enhancing the effectiveness, efficiency and transparency of resource provision and use.

Target 19 of the KMGBF is closely related to Target 18, which aims to reduce harmful incentives by at least $500 billion per year by 2030, and scale up positive incentives for biodiversity. Targets 14 and 15 are also linked to Target 18 to some extent and therefore work in tandem with Target 19. Target 14 hopes to integrate biodiversity in decision-making at every level while Target 15 strives to ensure that businesses assess, disclose and reduce biodiversity-related risks and negative impacts.

Source: https://www.cbd.int/gbf/targets

Table 1: Funds from different sources

Type	Sub-type	Estimate ($ billion 2023)	Source
Public domestic	Government spending and tax policy	163	UNEP
Public international	Official development assistance	10	OECD
Private	Sustainable supply chain finance	8.6	UNEP
	Payments for ecosystem services	3.5	UNEP
	Impact investing, NGOs, philanthropy and other private finance	8.5	UNEP
	Biodiversity offsets/credits and carbon markets	13.2	UNEP
	Farmer investments	1.5	UNEP

Sources: https://assets.bbhub.io/professional/sites/24/Biodiversity-Finance-Factbook_COP16.pdf

The track record since the adoption of KMGBF is concerning. According to an assessment by the Organization for Economic Co-operation and Development (OECD) in September 2024, contributions of development finance to the KMGBF was 23 per cent away from its Target 19a, under which developed countries should provide USD 20 billion per year by 2025. The report, *Biodiversity and Development Finance 2015-2022: Contributing to Target 19 of the Kunming-Montreal Global Biodiversity Framework,* provides information which could help governments develop economic and social policies related to resource mobilization for biodiversity.[5]

Public funds

The funds provided by governments are directed via the Global Environment Facility (GEF). These funds are used to generate money through co-financing from governments, private sector, and other donors. Typically, for every dollar provided by the GEF, an additional $7 is mobilized from other sources.

Using the Global Environment Facility (GEF) database, an analysis of biodiversity funding was conducted.[6] First, the total funds allocated for all GEF projects and projects focusing on only biodiversity were calculated. This includes both grants and co-financing amounts. To understand trends in public financial support better, these figures were dis-aggregated for each replenishment period. The analysis provided a clear picture

Table 2: Total funds, grants and co-finance for each GEF replenishment

GEF replenishments	Number of projects	Number of biodiversity projects	Total funds (bn)	Total funds for biodiversity (bn)	GEF grants for biodiversity (bn)	Co-finance for biodiversity (bn)
8	603	291	205.86	19.37	2.23	17.14
7	838	313	43.66	22.34	2.49	19.85
6	795	256	35.21	15.43	1.53	13.90
5	1188	379	38.69	10.76	1.51	9.24
4	847	322	21.13	4.82	0.94	3.88
3	916	244	14.94	3.93	0.86	3.07
2	629	287	9.52	2.45	0.70	1.75
1	382	206	4.19	1.34	0.45	0.89
Pilot phase	120	62	3.38	0.46	0.31	0.15

of how funding has been allocated over time, emphasizing the importance of financial resources in supporting biodiversity through GEF projects (see *table 2*).

Since its inception and until the end of January 2025, the GEF has funded 6,317 projects, contributing $26.23 billion in direct funding and $179.63 billion in co-financing. Out of these, 2,360 projects focused on biodiversity and received $11.06 billion directly and $71.90 billion as co-financing.

GEF also manages the Global Biodiversity Framework Fund (GBFF), which was set up at COP15 in 2022. This fund can accept contributions from not only governments, but also the private sector and philanthropies. To date, 11 donor countries and the Government of Quebec have pledged nearly 400 million US dollars to the GBF Fund, with $163 million pledged during COP16.[7] In addition, in May 2024, the government of China and UNEP put the Kunming Biodiversity Fund (KBF) in place.[8] This has received a contribution of 200 million US dollars from China for funding projects on biodiversity and sustainable development. Other than this, the Cali Fund, launched at COP16, aims to generate funds for nature conservation and use.[9] This fund would receive money generated from the use of digital sequence information. However, Cali Fund is voluntary in nature and developed countries showed reluctance to contribute to it at COP16 in Columbia.

Private funds

Although philanthropic organizations and businesses contribute to the funds available for biodiversity conservation, information on these contributions is piecemeal. Over the years, there has been an increase in the contribution towards biodiversity by philanthropic organizations.

The Organisation for Economic Co-operation and Development (OECD) reported that philanthropic flows grew from 501 million US dollars in 2017, peaking at 932 million US dollars in 2021, before decreasing to 700 million US dollars in 2022.[10] Among the 40 foundations included in the OECD database that reported on biodiversity-related activities, Bezos Earth Fund, the Postcode Lottery Group, the Gordon and Betty Moore Foundation, and the David and Lucile Packard Foundation were the most significant donors, providing 51% of the total biodiversity-related philanthropic funding during 2017–2022. Within these groups, Gordon and Betty Moore Foundation, the MAVA Foundation and the Arcadia Fund demonstrate the strongest focus on biodiversity, allocating more than two-thirds of their annual grant-making to the conservation of nature and related aspects.

More funds are expected in the coming years. At COP16, a commitment of $51.7 million was made by 11 philanthropies to establish high-quality marine protected areas (MPAs) in the high seas. This funding is the largest private philanthropic commitment to high seas conservation to date and is aimed at accelerating the development and governance of MPAs towards the 30x30 target. This partnership includes key foundations such as Arcadia, Becht Foundation, Bloomberg Philanthropies, Vere Initiatives, Schmidt Ocean Institute, Bezos Earth Fund, Blue Action Fund, Blue Nature Alliance, Gordon and Betty Moore Foundation, Oceans 5 and Paul M. Angell Family Foundation.[11]

Similarly, businesses too are contributing to available funds to support overall world economy. An assessment by Nature Finance shows that around 570 million US dollars is committed by global corporate and investors. These include companies such as Apple which has committed 57 million US dollars annually for restoration work, and Astra Zeneca which has committed 57 million US dollars annually for tree plantation programmes.[12]

Innovative financing

Other than direct public and private funds, the focus in the coming years is likely to be on innovating financing methods included in Target 19. These include nature-based solutions (NbS) such as payment for ecosystem services, green bonds, biodiversity offsets and credits, and benefit-sharing mechanisms, with environmental and social safeguards.

Of these, offsets and credits have precedence in the climate change context, making them both controversial and widely discussed. Biodiversity credits enable companies to fund projects that benefit biodiversity, allowing them to contribute for ecosystem and wildlife conservation, while also fulfilling their environmental commitments. While bio-credits, similar to carbon credits, are used to control greenhouse gas emissions, they are not designed to compensate for actions with negative impacts on biodiversity. Instead, proceeds from the sale of bio-credits are used to protect and restore biodiversity where it exists.
According to estimates by World Economic Forum 2023, the global market for biodiversity credits could reach $2 billion by 2030 and potentially grow to $69 billion annually by 2050, if the market matures and more companies participate.[13] However, this is miniscule compared to $250 billion that the carbon market is likely to reach by 2050.[14]

As of now, the bio-credit market is a bit questionable and underdeveloped, with ongoing efforts to ensure ethical standards and tangible biodiversity support.

At COP16 on October 28, the International Advisory Panel on Biodiversity Credits introduced the Framework for High-Integrity Biodiversity Credit Markets to help guide the creation of a biodiversity credits market. The framework aims to attract significant investments to conserve and restore ecosystems and biodiversity by establishing standards and monitoring systems, which would also address the issue of greenwashing.[15] The Biodiversity Credit Alliance was launched earlier at COP15.

In September 2023, the Taskforce on Nature-related Financial Disclosures (TNDF) released recommendations to help businesses shift global financial flows away from nature-negative outcomes and towards nature-positive outcomes. Industry can meet TNDF recommendations by purchasing bio-credits, the proceeds of which can be used to fund restoration and conservation projects.[16]

The biodiversity credit market is already growing. The Pollination Group, an advisory firm based in London, released its second report on Voluntary Biodiversity Credit Markets on September 30, 2024.[17] The report indicates that since 2020, between $325,000 and $1.87 million worth of credits have been sold. This money has helped projects cover about 26,000–125,000 hectares of land.

Their results are based on a global online survey conducted in May–June 2024. A total of 16 organizations working with biodiversity credits participated in the survey. Out of these, eight sell credits, and reported that while most sold fewer than 100 credits, one organization has managed to sell over 100,000 credits. Prices for these credits vary widely. Some organizations sold their credits for $200–700 each (13 per cent), while others sold their credits for $25 or less (13 per cent) or $2–10 each (50 per cent).

The survey identified large companies, banks and small businesses as major buyers, mostly located in Europe (44 per cent), followed by Latin America and the Caribbean (25 per cent),

and Oceania and North America (19 per cent). Around 81 per cent of the respondents stated that buyers want credits from projects close to their operations.

The survey also highlighted the involvement of indigenous people and local communities (IPLCs) in biodiversity projects. Around 75 per cent respondents said that these groups take part in helping to implement projects and share benefits. Many respondents (20 per cent) noted that credits from projects involving IPLCs tend to be more expensive, with price increases of 15–300 per cent.

Regeneration projects, which aim to improve nature over time, are the most common activities supported by these schemes. All respondents confirmed their programmes help generate credits for terrestrial ecosystems (100 per cent), freshwater ecosystems (63 per cent) and coastal ecosystems (56 per cent).

Most survey respondents expected to sell over 100,000 biodiversity credits in the next five years, with just 25 per cent unsure about future sales. Companies that are involved in bio-credits include Terrasos, Leaf Coalition, OpenEarth, WilderLands, Ecomarkets and Value Nature.

Some examples of bio-credits on the ground include the "Ocean Conservation Commitments (OCCs)" launched in September 2023 by the Government of Niue and the non-profit Tofia Niue. A total of 127,000 OCCs available (based on the size of Niue's Moana Mahu Marine Protected Area, which spans 127,000 square kilometers) and interested buyers can purchase one OCC for 20 years at the rate of $148 (NZD $250). Non-governmental organizations such as the Blue Nature Alliance, Conservation International and private donors have already come forward and invested. Another example is Besparingsskog, a Swedish forest cooperative, which sold bio-credits to Swedbank to protect 13 hectares of forested area over a period of 20 years. Similarly, pharma major GlaxoSmithKline purchased bio-credits from rePLANET to protect Cusuco National Park in Honduras. Initiatives like Colombia's Bosque de Niebla cloud forest project demonstrate how biodiversity credits can protect endangered species and restore vital ecosystems.

Countries such as India and Scotland are currently discussing or developing biodiversity credit markets and related policies. India is initiating a Green Credit Programme which includes efforts for water conservation and afforestation.

Similar to bio-credits, biodiversity offsets too are facing criticism. The challenges include difficulties in establishing equivalence between biodiversity losses in one area and gains in another. According to a study published in 2020, a total of 6–9 billion US dollars is invested annually in conservation through biodiversity offsets.[18] Unlike credits, biodiversity offsets aim at compensating a negative impact on nature with an equivalent positive impact on biodiversity. Biodiversity offsets mobilize particularly from initiatives like wetland and stream mitigation banks. Despite their prevalence, the effectiveness of these schemes is often questioned, as many fail to achieve the goals of "no net loss" or "biodiversity net gain".

At least 56 countries have established laws or policies that specifically require biodiversity offsets or some form of compensatory conservation. These countries include, Australia, Brazil, Canada, China, Columbia, France, Germany, India, Mexico, New Zealand and South Africa. For instance, Australia initiated its Biodiversity Offset Scheme in 2016, which serves as a foundation for compliance and voluntary offsets.[19]

Other than these, several nature-based solutions are being explored across the world. However, while these are effective to some extent, there are concerns around them too. One such mechanism is payment for ecosystem services (PES), which facilitates financial compensation from beneficiaries of ecosystem services to resource owners. UNEP tracked approximately $3.5 billion in private financing allocated to PES initiatives in 2023. OECD also estimated $9.8 billion in funding for 153 PES programs in 2021.[20] Though effective, there are challenges in tracking PES programs due to the absence of a universally accepted definition for ecosystem services, complicating the assessment of active initiatives globally. The PES mechanism relies on voluntary financial transactions between service users and providers, based on mutually agreed-upon resource management rules.

Similarly, green financial products, which are financial mechanisms that facilitate the flow of investment capital into companies and projects that have a positive impact on biodiversity. An estimated total of $4–6 billion is invested annually in biodiversity conservation through green financial products.[21] Though green bonds are promising, as they can complement sustainable land use and other biodiversity projects. However, many conservation projects are too small for the green bond market. Concerns have also been raised about their actual impact for forest conservation. Many fear that largely, to date, they have more been an effective mechanism for greenwashing. Green bond markets are projected to reach 1 trillion US dollars by 2030, and in June 2024, the World Bank announced a new bond expected to raise $200 million to support its sustainability activities and reforestation in Brazil's Amazon.

Way ahead

The fact that public money is still a trickle and that biodiversity loss has continued despite common sense solutions and the adoption of the CBD is a cause for concern.

COP16 has tried to improve the on-ground situation by bringing resource mobilization on the forefront but the solutions being considered are generally on a small scale, with limited data on their effectiveness.

For example, in the case of biodiversity offsetting approaches, research by the International Union for Conservation of Nature (IUCN) indicates that 77 per cent of countries that claim to have regulations for biodiversity offsetting do not properly enforce them.[22] This makes it impossible to figure out if the offset programmes work. There is also insufficient information on price of biodiversity offset and technical capacity related to programme implementation.

Instead of depending on such solutions for resource mobilization, civil society representatives suggest that more public funding should be made available as this would ensure that the rights of IPLCs are protected. For example, there is a fear that wealthy corporations and nations could purchase credits sourced from

poorer countries in the Global South, leading to land grabs and displacement of indigenous and local communities.

The best way to protect biodiversity would be to phase out the triggers of biodiversity loss such as mining and intensive agriculture.

Safeguarding indigenous territories and tenure rights and securing equitable funding for community-led conservation initiatives—could work even better. To support this, at COP16, there were demands that more money should be made available to IPLCs to ensure that biodiversity conservation is effectively implemented. There are already some positive steps, for example, at least half of the contributions to the Cali Fund is likely to be provided to meet the needs of indigenous people and local communities, emphasizing equity and collaboration in funding conservation initiatives.

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