

International funding to support the Post-2020 Global Biodiversity Framework

Summary

- Only 3% of international financial assistance target biodiversity, and more than half of international financial assistance flows are not assessed for their impacts on biodiversity
- Three key sectors potentially relevant for biodiversity, including (1) agriculture, forestry and fisheries; (2) industry, mining and construction; and (3) energy, involve about US\$ 45.5 billion per year of funding that do not target biodiversity or was not screened for it
- Ensuring that these funding flows benefit biodiversity, or at least are not harmful to it, provides considerable potential to increase resource mobilization for biodiversity conservation.
- Considering that about 30% of the global biodiversity footprint is embedded in international trade flows, then designating about 30% (US\$60 billion) to support conservation internationally would be appropriate.

Background

The proposed target on resource mobilization, Target 19, as currently drafted, calls for “*increasing financial resources from all sources to at least US\$ 200 billion per year, including new, additional and effective financial resources, increasing by at least US\$10 billion per year international financial flows to developing countries...*”

International financial flows to developing countries and their magnitude are an essential part of resource mobilization to support the implementation of the framework. Developing countries face critical needs to conserve biodiversity and struggle with mobilizing financial resources to address them. Many developing countries experienced fiscal difficulties, including with servicing sovereign debt, already before the Covid-19

pandemic which has further aggravated their debt crises.

What is the issue?

International financial assistance takes a variety of forms, including official development assistance (ODA) and other official financing (OOF). Considering all sources, the combined magnitude of ODA and OOF was about US\$349 billion per year, on average, in 2016-2020 (Table 1). However, only US\$10.3 billion (3%) of this targeted biodiversity.

Table 1: International financial assistance flows by type of assistance and screening and targeting biodiversity (on average 2016 – 2020, US\$ million, constant 2020) Data source: DAC CRS, OECD.

	ODA	OOF	Total
Total financing	\$227,021	\$122,297	\$349,318
Screened & targeting biodiversity	\$9,383	\$955	\$10,338
Screened & not targeting biodiversity	\$137,629	\$12,559	\$150,189
Not screened	\$80,009	\$108,782	\$188,791
In percentage terms			
Screened & targeting biodiversity	4.1%	0.8%	3.0%
Screened & not targeting biodiversity	60.6%	10.3%	43.0%
Not screened	35.2%	88.9%	54.0%

Considering only ODA, its amount targeting biodiversity has gradually increased over time, roughly doubling in magnitude over the last decade (Fig 1). On average, some US\$9.4 billion per year between 2016 and 2020, targeted biodiversity, representing 4.1% of all ODA.

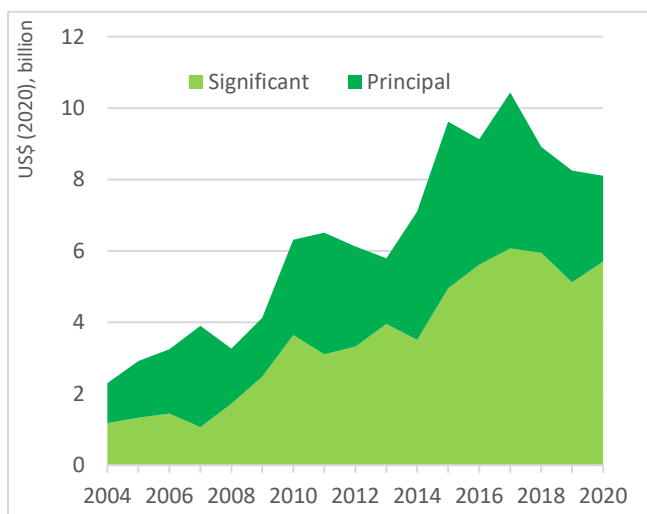
While some ODA are mandatory to be screened for biodiversity¹, the same is not true for OOF, even though the magnitude of OOF is significant (Table 1)¹. For

¹ In the context of ODA and other financial flows reported internationally, "to screen for biodiversity" means indicating whether

the activity targets biodiversity as a "principal" or "significant" objective. The assessment follows Rio Marker methodology by OECD.

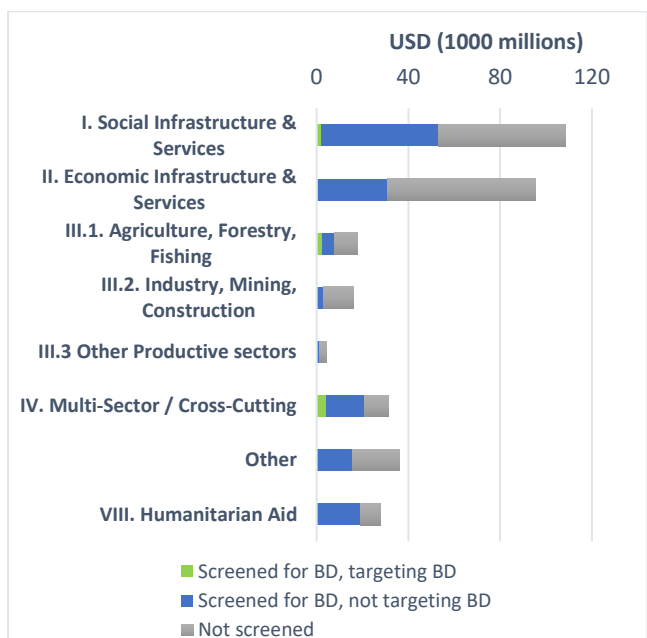
example, while 64.7% of ODA is screened for biodiversity, only 11.1% of OOF is similarly screened. When separately considering multilateral financial institutions, only 8.7 percent of OOF was screened for biodiversity, leaving 91.3 percent unscreened.

Figure 1: ODA targeting biodiversity 2004 – 2020 (US\$ billion) Data source: DAC CRS, OECD



Most of the international finance assistance targeting biodiversity goes to supporting General Environmental Protection (included in sector IV. Multi-sector in Fig. 2); Agriculture, Forestry, and Fishing, and Social infrastructure and services (which includes water supply and sanitation, and government and civil society) (Fig. 2).

Figure 2: Official Development Aid and Other Official Financial flows: Screening and Targeting for Biodiversity by Main Sector (on average 2016 – 2020, US\$ million, constant 2020). Data source: DAC CRS, OECD.



Screening of international financial assistance flows only identifies impacts that are positive on biodiversity. Potentially negative impacts on biodiversity are unknown for both screened and unscreened financial flows.

Making it mandatory to screen all international financial assistance for biodiversity is necessary for accurate

tracking of the impacts of financial assistance on biodiversity. It would also help create incentives towards redirecting international financial assistance towards biodiversity.

Moreover, with barely 3 percent of overall financial flows targeting biodiversity in a positive fashion, the potential for negative impacts from the rest of financial assistance on biodiversity is considerable. International assistance targets several sectors, including construction; energy; agriculture, forestry and fisheries; or tourism, where negative impacts on biodiversity can occur.

Three key sectors potentially relevant for biodiversity, including (1) agriculture, forestry and fisheries; (2) industry, mining and construction; and (3) energy, alone involved about US\$ 45.5 billion per year of funding, on average in 2016-2020, that did not target biodiversity or was not screened for it (Table 2). Ensuring that these funding flows benefit biodiversity, or at least are not harmful to it, provides considerable potential within existing financial flows and portfolio of mechanisms to increase resource mobilization for biodiversity conservation.

Table 2: International financial assistance flows to three key economic sectors potentially linked to biodiversity, including combined ODA and OOF that (i) targets biodiversity or (ii) does not target biodiversity/is not screened for biodiversity (on average 2016 – 2020, US\$ million, constant 2020) Data source: DAC CRS, OECD.

Key Sectors	Targeting biodiversity	Not targeting biodiversity or not screened
Agriculture, forestry, fisheries	2,296 (14%)	13,809 (86%)
Industry, mining, construction	191 (1%)	16,117 (99%)
Energy (social infrastructure and services)	241 (2%)	15,537 (98%)
Total	2,728 (6%)	45,463 (94%)

International funding and biodiversity footprint

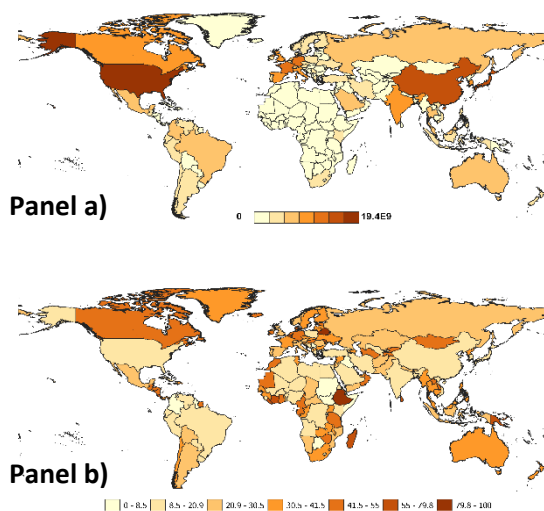
One argument to support a more ambitious target for international funding to support conservation is that it should consider the magnitude of impacts from international economic activities on biodiversity. In an increasingly globalized world, activities that threaten biodiversity in a given location are often brought by consumption in far-away places. Currently available estimates point consistently to about 30 percent of the global biodiversity footprint being embedded in international trade.ⁱⁱ

Much of the final consumption that drives the biodiversity footprint embedded in international trade takes place in developed countries, making them, along with China, and India, largest *importers* of biodiversity footprint (Fig. 3 Panel a). In other words, their consumption impacts biodiversity much beyond their country boundaries, transmitted in international trade flows to meet their consumption needs.

On the other hand, developing countries, mostly in Africa and Central America, export relatively large share of biodiversity footprint generated within their boundaries (Fig. 3, Panel b). In other words, large share of biodiversity footprint in those countries is driven by consumption elsewhere around the world. This pattern is particularly pronounced for low-income countries: 42 percent of their total footprint ends up in final consumption in high-income countries.⁴

Finally, low-income countries and Africa in general stand out by their small imported biodiversity footprint. In other words, their consumption drives relatively small impacts beyond their country boundaries.

Figure 3: Biodiversity footprint. Panel a) Imported biodiversity footprint in final consumption, Panel b) Percentage of exported biodiversity footprint. Source: Calculated and mapped based on Irwin et al



What can be done?

The proposed increase of at least US\$10 billion per year would bring the new total to some US\$20 billion per year of international funding to developing countries. With the total financial resources to support conservation estimated at US\$200 billion per year, overall international funding would represent about 10 percent of all financial resources.

While this would constitute a considerable increase in international funding, it would still not be on par with the

References:

¹OECD (2021), "Converged Statistical Reporting Directives for the Creditor Reporting System (CRS) and the Annual DAC Questionnaire", DAC Working Party on Development Finance Statistics, Development Assistance Committee, OECD, Paris, [https://one.oecd.org/document/DCD/DAC/STAT\(2020\)44/FINAL/en/pdf](https://one.oecd.org/document/DCD/DAC/STAT(2020)44/FINAL/en/pdf)

magnitude of international impacts of economic activities on biodiversity. The financial resources allocated domestically versus internationally should aim at mitigating harmful impacts created on biodiversity everywhere, be it in developed or developing countries. To ensure that this objective becomes achieved, allocating funding towards international uses should take into consideration and reflect the amount of domestic versus international impacts on biodiversity. Critical needs for added investment in biodiversity conservation call for significantly increased international conservation financing directed to developing countries.

In this light, considering that about 30% of the global biodiversity footprint is embedded in international trade, and that the first draft of GBF suggests increasing total financial resources to US\$200 billion, from all sources, then designating about 30% (US\$60 billion) rather than US\$10 billion to support conservation internationally would be more appropriate. While managing biodiversity footprint may be less costly in developing countries than in developed countries, it is unlikely that investing US\$10 billion more would enable them to meet the targets in the Framework.

Publicly announced commitments to international financing to support the post-2020 GBF from government organization have reached US\$ 5.5 billion.ⁱⁱ This amount raises to US\$ 6.4 billion when considering also international funding commitments by philanthropists, corporations and investors. While these commitments are critically important, their current scale does not yet meet the magnitude required for the implementation of the GBF.

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ⁱⁱ Lenzen et al. "International trade drives biodiversity threats in developing nations." *Nature* 486.7401 (2012): 109-112; Irwin et al. "Quantifying and categorising national extinction-risk footprints." *Scientific reports* 12.1 (2022): 1-10.

⁴ Irwin et al. "Quantifying and categorising national extinction-risk footprints."

ⁱⁱⁱ Campaign for Nature et al., "Summary of International Biodiversity Finance Commitments Announced to Date," 2022, <https://www.naturefinance.info/>.