



## Key criteria for a dedicated instrument on biodiversity finance

*Lim Li Ching, Third World Network*

The resumed COP16 will largely focus on resource mobilization, discussions which were suspended in Cali, due to lack of quorum. The most contentious issue was about the establishment (or otherwise) of a dedicated global biodiversity fund.

Many developing countries called for a dedicated biodiversity fund, under the authority of the COP, in accordance with Article 21. The GEF is the interim financial mechanism, but there are issues that make it inequitable and difficult for developing countries and rights holders to access funds.

Criteria fundamental to the design of a dedicated instrument are:

**1. Equity and common but differentiated responsibilities:** While it has been agreed that any new instrument would mobilize resources from all sources, the basic obligations in Article 20 (developed country Parties provide financial resources to developing country Parties) remain.

**2. Consistency with the objectives, principles and provisions of the Convention and its Protocols:** This also means the channelling of financial resources to meet all three objectives of the Convention in a balanced manner.

**3. Consistency with the KMGBF:** In particular, consistency with the KMGBF's human rights-based, gender-equality and gender-responsive approach. In practice, this means that projects/programmes must do no harm to rights holders.

**4. Under the authority of, and accountable to, the COP:** CBD Parties to determine the policies, strategies, priorities, eligibility criteria, etc. and provide policy oversight and guidance. The trustee should also be accountable to and comply with decisions of the governing body.

**5. Governance arrangements that are equitable and representative:** There needs to be equitable and geographically representative membership on the governing body, while ensuring that particular groups, such as SIDS and LDCs, are equitably represented. There must also be full, effective and equitable participation of indigenous peoples, local communities, women and youth.

**6. New, additional, predictable, adequate, and timely financing:** In accordance with Article 20, financial resources provided to developing countries must be "new", i.e. must not have been previously pledged or allocated, and "additional", i.e. not double counted towards ODA or other commitments. The fund should not be voluntary in nature.

**7. Eligibility of all developing country Parties to receive funds:** Any attempt to formally narrow the category of countries eligible for financing, or to create new eligibility categories between developing countries, runs counter to the Convention.

**8. No further burden on developing countries:** There should be no burden-shifting from developed to developing countries. Funding should be on a grant or concessional basis, with grants being the preferred mode. Financial resources provided should be non-debt creating.

**9. Easily accessible, including direct access modalities:** Simple, easy accessibility and streamlined modalities would improve efficiency and effectiveness. Direct access, whereby funds are channelled directly to national recipients, rather than mediated through other entities, is important. Indigenous peoples, local communities, women and youth should also be able to access and receive funds directly.

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# PMRR is vital to advance – so let's adopt the draft decisions

*Friedrich Wulf, ProNatura, Switzerland*

While a major focus of the negotiations at CBD COP 16.2 will focus on resource mobilization and the financial mechanism, there are other important decisions that need to be taken as well. Notably, the decisions on the Monitoring framework for the KMGBF (L.26) and on planning, monitoring, reporting and review, including the global review of collective progress in the implementation of the Kunming-Montreal Global Biodiversity Framework (PMRR, L: 33) still are pending adoption.

These decisions are vital and necessary in order to have a meaningful discussions at the next COP in 2026. This will be the moment where we will take stock and see how we are advancing towards achieving the targets of the KMGBF, where we are doing well and where more efforts are needed. In order to do this well, we not only need to have updated NBSAPs that reflect the KMGBF, we also need to have national reports based on a uniform monitoring system and an agreed and standardized review procedure.

The decision on monitoring (L.26) still contains a number of brackets, including for headline indicator 7.2 on pesticide risk, which currently names two proposed indicators ([Pesticide environment concentration] [and/or] [aggregated total applied toxicity]). No other headline indicator has two options. Only the 'aggregated total applied toxicity' methodology meets the criteria for headline indicators agreed at COP15, so

this should be the indicator that is adopted. 'Pesticide environment concentration' should be deleted as it has no methodology and is an unusable indicator. I would also support measuring the Global environmental impacts of consumption, a component indicator in brackets, if there is a good method of measuring it.

By contrast, L. 33 on PMRR is a clean text and while we deplore that elements such as the voluntary country by country peer review have not received sufficient support and are therefore not included in the decision, having an agreement on how the reporting and review will be done is essential. Important elements also include an agreed methodology with standardized templates for the seventh and eighth national reports, standards in the communication of commitments by non-state actors, Terms of reference for the AHTEG for the Preparation of the Global Report on Collective Progress in the Implementation of the KMGBF and an indicative timeline of the global review on collective progress in the implementation of the KMGBF.

There seems to be a widespread perception that the adoption of these two documents depends on agreement regarding finance – these are regarded as a package. So we very much hope parties find agreement on resource mobilization as well, in order to improve implementation and have reports we can be happy about.

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**10. Fair and direct allocation of resources:** Guiding principles are cooperation and facilitation, not competition. A percentage allocation of resources should be disbursed to indigenous peoples, local communities, women and youth.

**11. Earmarked provision of financial resources for collective action, Mother-Earth centric actions, and non-market-based approaches:** These elements of Target 19(f) are critically important to protecting biodiversity, yet amounts directed to these efforts are still low.

**12. Robust safeguards, grievance and redress mechanisms:** implementation of human rights, environmental and social safeguards, and grievance and redress mechanisms, will help prevent, mitigate and remedy harms.

Equally important would be an intersessional process to further discussions on the criteria, modalities and operationalization of funding arrangements. Whether COP16 successfully concludes is dependent on Parties agreeing on these issues.

# Direct access to funding the custodians and stewards of biodiversity should be a priority

Heitor Dellasta, *Global Youth Biodiversity Network*

Limited progress in establishing new financial instruments and reforming the current financial mechanism remains a significant barrier to effectively implementing the Kunming-Montreal Global Biodiversity Framework. These discussions must go beyond mobilizing financial resources and focus on improving efficiency and equity in resource allocation while ensuring a more balanced and representative governance structure.

To best support the custodianship and stewardship of biodiversity by Indigenous Peoples, local communities, women, and youth, we must work together to strengthen direct funding mechanisms. For Indigenous Peoples and local communities, direct access enables the protection, safeguarding, and respect of their self-determination, worldviews, and knowledge systems. For women and youth, it addresses gender and intergenerational injustices, guaranteeing fairer distribution of financial resources.

Direct access means that funding designated for Indigenous Peoples, local communities, women, and youth should be granted directly to their organizations or their chosen and self-determined representative institutions, ensuring they have full autonomy over resource allocation<sup>1</sup>. To achieve this, donors must remove procedural barriers that hinder direct funding. Where intermediaries are strictly necessary, they must work in partnership with legitimate decision-making institutions representing these groups, adhering to policies that guarantee consultation, participatory planning, implementation, monitoring, and evaluation.

This approach aligns with the UN Declaration on the Rights of Indigenous Peoples and the UN Permanent Forum on Indigenous Issues (UNPFII), which emphasize that social and economic programmes for Indigenous Peoples must reinforce their right to self-determination, including their ability to own, use, and manage their territories, and resources. Direct access is also fundamental from a human rights perspective, ensuring meaningful participation and decision-making

power for those most impacted by financial instruments and on the frontline of conservation.

Indigenous Peoples and local communities play a vital role in conserving biodiversity, particularly in territories where they manage or hold tenure rights<sup>2</sup>. However, the funding they receive is disproportionately low compared to their contributions. Global annual disbursements for their tenure rights and forest guardianship account for less than 1% of official development assistance<sup>3</sup>, with no evidence of a systematic shift toward more direct funding from international donors<sup>4</sup>.

The role of women and youth as stewards remains largely overlooked, despite their leadership in promoting justice and equity practices that enhance biodiversity. Worse, data on how these groups access and benefit from biodiversity finance is almost non-existent. Addressing these gaps is crucial, as research increasingly highlights collective action and community-led movements as fundamental to achieving global biodiversity goals.

The current financial architecture of the Convention on Biological Diversity (CBD) fails to provide direct, flexible, and predictable funding for local biodiversity actions. This absence reinforces power imbalances and limits the voices of the custodians and stewards of biodiversity in determining who and what gets funded.

This gap remains largely unaddressed but could be bridged through the ongoing resumed COP16 negotiations. To effectively mobilize resources, a new financial instrument must be established urgently. The intersessional period offers a crucial opportunity to refine its modalities and operational frameworks, ensuring solutions reflect the priorities of those on the ground. Additionally, reforms to the Global Environment Facility (GEF) must go beyond engagement and guarantee the meaningful participation of Indigenous Peoples, local communities,

<sup>1</sup> Charapa Consult. Directing Funds to Rights Principles, standards and modalities for supporting indigenous peoples' tenure rights and forest guardianship. Denmark: Charapa Consult, 2022.

<sup>2</sup> Fernández-Llamazares, Á., Fa, J. E., Brockington, D., Brondízio, E. S., Cariño, J., Corbera, E., Farhan Ferrari, M., Kobei, D., Malmer, P., Márquez, G. Y. H., Molnár, Z., Tugendhat, H., & Garnett, S. T. No basis for claim that 80% of biodiversity is found in Indigenous territories. *Nature* 620, 40–42 (2024). <https://doi.org/10.1038/d41586-024-02811-w>

<sup>3</sup> Rainforest Foundation Norway. Falling short. Donor funding for Indigenous Peoples and local communities to secure tenure rights and manage forests in tropical countries (2011–2020). Norway: Rainforest Foundation Norway (2020).

<sup>4</sup> Rainforest Foundation Norway. State of Funding for Tenure Rights and Forest Guardianship. Norway: Rainforest Foundation Norway (2024).

women, and youth in decision-making, empowering them to shape biodiversity finance.

## Financial drivers of biodiversity loss must be addressed for biodiversity finance to be effective

*Nele Marien, Friends of the Earth International*

Biodiversity destruction and human rights violations are deeply linked to corporate operations in sectors such as agriculture, forestry, mining, energy, and infrastructure. Banks and financial institutions fund these industries, making them key enablers of environmental and social harm—while also profiting significantly from them.

Since 2015, banks have provided over \$395 billion in credit to industries such as beef, palm oil, pulp and paper, rubber, soy, and timber in deforestation-prone regions<sup>5</sup>. These investments exacerbate destruction, with extractive industries like mining, oil, and gas contributing to as much as 90% of global biodiversity loss.

UNEP estimates annual investments in harmful activities, including those driving climate change, total \$7 trillion. This includes \$1.7 trillion in harmful subsidies. Despite a CBD commitment to eliminate such subsidies by 2020, no meaningful progress has been made.

### Economic Pressures

For many developing countries, even if they want to address the key drivers of biodiversity loss, they lack the financial means to do so. [High levels of debt](#) leave them without resources to invest in biodiversity conservation<sup>6</sup>. They are [trapped in economic dependencies on exports that degrade biodiversity](#), relying on the dollars they generate<sup>7</sup>. They face pressure from the IMF and the WB to implement policies that incentivise destructive sectors while refraining from enforcing environmental regulations. This situation fuels a "race to the bottom," where weak regulations enable further biodiversity loss and social injustices, despite international commitments to biodiversity protection.

### Profiting from Biodiversity Destruction

Financial institutions enable biodiversity destruction and profit from it. Yet, private finance is being proposed

to fill the "biodiversity funding gap,". The amounts contributed so far is not only completely insufficient but also often tied to corporate interests and biodiversity destruction. Companies 'investing' in biodiversity frequently have financial models that depend on continued environmental degradation.

A common form of private finance, biodiversity offsets and credits, exacerbates this issue<sup>8</sup>. Funds generated through BO stem from biodiversity destruction elsewhere. Offsets are typically of lower ecological value than the original ecosystems they replace, meaning that biodiversity finance is directly linked to further biodiversity loss.

Moreover, much of the available biodiversity finance is channelled into administrative structures for offset schemes and baseline measurements rather than direct conservation efforts, further diverting resources away from real biodiversity protection.

### A new process to ensure accountability of economic sectors is needed

To save biodiversity, we don't only need to address the need for a new biodiversity fund and the finance gap, but we also -and most importantly- need to address the underlying financial mechanisms that lead to biodiversity loss. The decisions to "mainstream biodiversity in all sectors" from COP 13, 14, and 16 were meant to address these effects, but they failed to address corporate impacts on biodiversity.

All economic sectors must be held accountable for their role in biodiversity loss. The financial sector deserves special attention for its role to enable destruction by other sectors. Regulatory frameworks – coordinated by the CBD- must prevent harmful investments and redirect financial flows towards genuine conservation.

A new global regulatory process to "*ensure coherent multilateral regulation to protect biodiversity*" should be established<sup>9</sup> to enforce financial accountability and ensure biodiversity protection is prioritised over profit.

5 Forest & Finance Coalition, Banking on Biodiversity Collapse, 2024 [https://forestsandfinance.org/wp-content/uploads/2024/10/BOBC\\_2024\\_FullReport\\_EN.pdf](https://forestsandfinance.org/wp-content/uploads/2024/10/BOBC_2024_FullReport_EN.pdf)

6 Dempsey, J., Bigger, P., Christiansen, J., Muchhala, B., Nelson, S., Schuld, A., & DiSilvestro, A. (2022). Biodiversity targets will not be met without debt and tax justice. *Nature Ecology & Evolution*, 6(3), 237-239. <https://doi.org/10.1038/s41559-021-01619-5>

7 Jessica Dempsey et al, Exporting Extinction: How the International Financial System Constrains Biodiverse Futures, 2024, <https://climateandcommunity.org/research/exporting-extinction/>

8 The Biodiversity Market Mirage, FOEI, TWN, IEN, GYBN, GFC, GFC, October 2024 <https://www.foei.org/publication/biodiversity-offsetting-crediting-report/>

9 Open letter on Mainstreaming, CBD Alliance, 21st October 2024, <https://www.foei.org/publication/biodiversity-offsetting-crediting-report/>