

# *A budget for biodiversity*

→ Lessons from and for the development of National Biodiversity Finance Plans

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**IDFB**

dialogue



## → *Executive Summary*

National governments are working on the process of developing National Biodiversity Finance Plans (NBFPs) to fulfil their national commitments under the 2022 Kunming-Montreal Global Biodiversity Framework (GBF). This thought paper provides recommendations and guidance for streamlining the process and developing fit-for-purpose NBFPs. It recommends to 1) take a broad scope in the NBFP process and assess and reform overarching policy and regulatory landscapes to mainstream nature across sectors and ministries; 2) actively engage the private sector early and continuously in the NBFP process; and 3) leverage the BIOFIN approach to jump-start the process and learn from other countries' experiences.

In response to the 2022 adoption of the KM-GBF at COP15, countries are due to develop National Biodiversity Finance Plans (NBFPs). NBFPs should outline financial solutions to fund their National Biodiversity Strategies and Actions Plans (NBSAPs). This thought paper **A budget for biodiversity: Lessons from and for the development of National Biodiversity Finance Plans** was developed to dive into how countries can create comprehensive and effective NBFPs for financing their domestic biodiversity goals, targets, and priorities. →



## Key findings & recommendations

Three key findings and accompanying recommendations were highlighted in the thought paper. First, countries must reform the overarching system and policy landscape within which NBFPs are to be developed so as to mainstream nature. Second, actors from the private sector should be engaged early and consistently throughout the NBFP development process. Finally, countries can hit the ground running by leveraging the successfully tried and tested Biodiversity Finance Initiative (BIOFIN) approach for NBFPs, rather than trying to reinvent the wheel themselves.

1

### Reform and adapt the overarching system

The most important recommendation highlights the need for mainstreaming nature across not only all public ministries and departments, but throughout all levels, sectors and corners of private, public and civil life (a whole-of-society and whole-of-government approach). In order for policy targeting the protection and enhancement of nature to be effective, nature-focused policy should not be developed in isolation from other policy. Approaching nature as a stand-alone topic and policy sphere to be tackled by ministries of the environment, or closely affected ministries of agriculture or food, risks negating the potential positive impacts that any nature policy could bring in the first place.

For us to move towards a nature positive world and create an economic system that contributes to the conservation, restoration and sustainable use of biodiversity, we need to overhaul policy and political systems so that nature is a key consideration across all sectors and ministries. Currently, many countries have harmful subsidies (for agriculture or fossil fuels) that heavily outweigh those that are geared towards benefitting nature. Furthermore, policies of ministries of the economy or agriculture often take precedence over the policies of ministries of the environment. For nature to truly be a priority and benefit when making political and financial decisions, it needs to be mainstreamed across all government ministries. Taking a broad scope when conducting a Policy and Institution Review (PIR), prior to developing an NBFP, will allow other ministries and sectors to also begin to understand the importance of biodiversity and how current policies may be contradicting or undermining nature positive policy actions of ministries of the environment. Governments need to assess their policy and regulatory frameworks to understand where nature priorities are being undermined by policies on other topics, or lack sufficient strength to achieve nature positive, with the aim to reform and reduce harmful policies and increase cross-policy alignment and mainstreaming of nature.

## Engage key actors from the private sector

A second key finding is that sufficient engagement and collaboration with the private sector is an essential component for developing NBFPs that are fit-for-purpose, can secure buy-in of relevant actors, and ultimately will be successfully implemented. We recommend that Parties begin engaging with the private sector from a very early stage of the NBFP development process, and continue to engage often and earnestly throughout. The private sector is a key player when it comes to developing finance solutions that are likely to be successful within each national context, for identifying tried and tested solutions that private sector actors may already have experience or confidence in (thus reducing resources and time needed for trial and error, as well as resources required to secure trust and buy-in), and for finding solutions that appeal to the private financial sector. Thus, finance solutions developed in collaboration with the private sector are more likely to be taken up once the NBFP is finalised. Furthermore, the private sector is an essential asset when developing the technical proposals for these financial solutions – they have a strong understanding of what information other actors from the private sector will need to build confidence and invest in selected solutions. They are also key to unlocking the finance needed for implementing these solutions in the first place. Neglecting sufficient interaction and collaboration with the private sector creates major risks for finalised NBFPs and could lead to them not being efficiently implemented. As an NBFP continues to be improved and adapted over the years, it will be vital for Parties to continue to engage with this group of stakeholders and work together to update and advance NBFPs.

## Leverage the existing BIOFIN approach to jump-start the NBFP process and learn from other countries' experiences

Finally, our third key recommendation is that Parties should leverage the existing BIOFIN methodology for developing NBFPs. Parties can avoid uncertainty and the fear of being overwhelmed by the process by diving in and getting started with this tried and tested framework. With so many other countries having already implemented the BIOFIN approach, Parties that do leverage this have the opportunity to learn from the mistakes and challenges faced by other countries, and adapt and improve the framework according to their own needs and requirements. This avoids every country having to reinvent the wheel again from scratch, enables cross-country learning and knowledge exchange, and reduces the resources that would be required to create an entirely new process. The BIOFIN approach provides seven clear steps for countries to follow, with sufficient guidance on how each should be implemented.

As part of this thought paper, we have identified a number of additional recommendations and guidelines for improving each of the seven steps laid out in the BIOFIN methodology. For example, as part of Step 1: Preparation for NBFP development, we recommend that Parties develop and retain key capacities and knowledge (both in terms of technical/expert knowledge and financial and trained personnel) before and throughout the process to streamline it and ensure successful implementation. As part of Steps 4, 5 and 6 on prioritising solutions and developing technical proposals and investment cases, we lay out recommendations on the kind of information and level of detail should be included in these proposals and business cases in order to attract sufficient private sector interest and investment. For information on these more granular, step-level recommendations, please consult [Chapter 3: Lessons learned and recommendations from experiences with NBFP development.](#)

A lush green forest scene with ferns and moss-covered tree trunks. The image is used as a background for the document's header and footer.

## → Preface

This document is developed as part of the [Interface Dialogue Finance & Biodiversity \(IDFB\)](#). It aims to provide practical guidance on the development of National Biodiversity Finance Plans (NBFPs), building on lessons learned from the application of the BIOFIN approach, as well as experiences shared by the IDFB community. These insights were gathered via desk research, throughout the 18 IDFB sessions hosted between 2021 and 2024, and from a survey shared amongst IDFB participants (to which 8 experts responded). Furthermore, we received valuable feedback during the development of this paper from a number of experts, to whom we express our gratitude. The lessons learned and key recommendations found in this paper are applicable to any country working on developing an NBFP, but we believe they are especially valuable for high-income countries. Such countries stand to learn a lot from the immeasurably valuable experiences of BIOFIN and countries that have leveraged the BIOFIN approach already, which has predominantly been piloted in low- and middle-income countries to date.





## → *About the IDFB*

The Interface Dialogue Finance & Biodiversity (IDFB) was established in 2021 by the Government of The Netherlands. It first started hosting Dialogue Sessions in the run up to COP15 and the adoption of the Kunming-Montreal Global Biodiversity Framework (GBF) to facilitate discussions on bridging the gap between greening finance and financing green. From 2021 to 2022, the IDFB hosted 15 Dialogue Sessions bringing together perspectives from the public and private financial sectors. More than 30 countries and 60 experts participated in these Dialogue Sessions, where challenges and best practices on resource mobilisation and increasing engagement with the private sector were discussed.

Biodiversity had another significant year in 2024; on the road to COP16, the torch of the IDFB was reignited to again bring together experts and Parties to exchange experiences and lessons learned linked to financing the implementation of the GBF. The IDFB hosted informal discussions in the form of Open Office Hours in preparation for COP16, where members of the IDFB network could meet each other and discuss topics and challenges they were facing related to nature finance. From September to October 2024, the IDFB hosted three additional Dialogue Sessions to facilitate discussion amongst experts on resource mobilisation on the topic of aligning all financial flows for nature, with a special emphasis on mobilising and leveraging private finance.



## → Table of Contents

Executive Summary	03
Preface	06
About the IDFB	07
Table of Contents	08
Reading Guide	09
<b>Chapter 1</b> - Introduction	10
<b>Chapter 2</b> - Developing an NBFP – Guidelines and best practices	15
<b>Chapter 3</b> - Lessons learned and recommendations from experiences with NBFP development	21
References	33





## Reading Guide

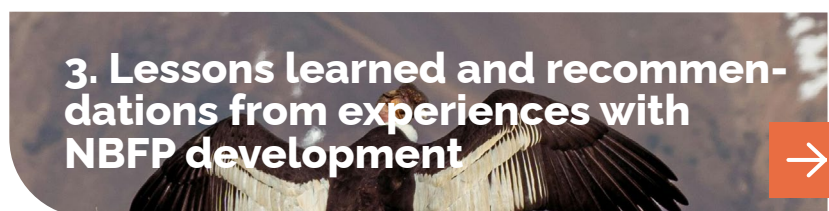
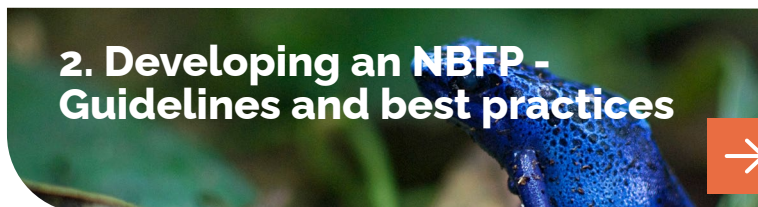
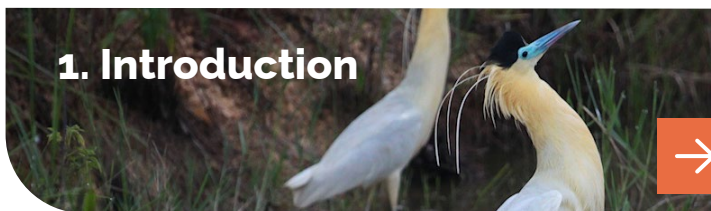
Based on a literature review and the insights of experts and policy officers (collected through IDFB Dialogue Sessions and Open Office Hours, interviews, and a survey), this paper presents recommendations for Parties to apply on their journey to develop an NBFP.

**Chapter 1** provides an introduction to NBSAPs and NBFPs, explaining the role of NBFPs in achieving national biodiversity goals and targets, as well as the GBF.

**Chapter 2** delves into existing guidelines and best practices for developing an NBFP, including the BIOFIN approach.

**Chapter 3** presents a number of key, actionable recommendations based on

insights from Integrated Landscape Finance approaches and lessons learned from other countries' experiences of applying the BIOFIN approach. These recommendations can support Parties in developing strong and practical NBFPs that mobilise the level of finance required to achieve the goals and targets of NBSAPs and the GBF. They can be applied by any country working on creating an NBFP. However, we believe that they are especially valuable for high-income countries, who stand learn a lot from the vast experiences of BIOFIN and the many countries that have applied the BIOFIN approach.



# Introduction

## → Chapter 1



### The Global Biodiversity Framework: action for nature

With over 50% of the world's GDP being moderately to highly dependent on nature, human well-being and livelihoods are inherently dependent on biodiversity and ecosystem services.<sup>01</sup> With the adoption of the 2022 Kunming-Montreal Global Biodiversity Framework (GBF)<sup>02</sup>, global action to counter biodiversity loss and pave a path towards a nature positive future is accelerating. The Framework's four goals for 2050 and 23 targets for 2030 are set to be translated by all Parties to the Convention on Biological Diversity (CBD) into policy, commitments, and targets at the national level. All Parties will need to develop National Biodiversity Strategies and Actions Plans (NBSAPs) to set out their national approach for achieving the 2050 Vision and 2030 Mission<sup>03</sup> of the GBF.

As part of Target 19<sup>04</sup> and CBD Decision 15/7 on Resource Mobilisation<sup>05</sup>, Parties will also have to develop National Biodiversity Finance Plans (NBSAPs) (or deploy similar mechanisms) to ensure adequate financial resources are mobilised for the implementation and realisation of NBSAPs.

Development and implementation of NBSAPs will be an essential component for working towards the goals and targets of the overarching GBF. Halting and reversing biodiversity loss, and actively restoring nature, will be essential for safeguarding the future of economic and human well-being. In some low- and middle-income countries, the decline or collapse of certain ecosystem services risks creating reductions in GDP of more than 10% by 2030. Globally, this decline could reach 3%, which would amount to US \$2.7 trillion.<sup>06</sup>

The current global nature funding gap is estimated to be at least US \$700 billion/year.<sup>07</sup> A number of the GBF targets are aimed at tackling this gap, as can be seen in **Table 1**. Target 18 stipulates that at least US \$500 billion/year in existing harmful public incentives will need to be identified, eliminated, phased out, or reformed by 2030.<sup>08</sup> These harmful flows include incentives and subsidies that cause direct harm to nature – for example, fossil fuel and (certain) agricultural subsidies. Furthermore, Target 19 calls for the mobilisation of at least US \$200 billion/year in additional finance for nature to fill this gap.

<sup>01</sup> World Economic Forum (2020). [Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy](#). <sup>02</sup> Now also known as The Biodiversity Plan for Life on Earth. <sup>03</sup> The Vision of the GBF is: a world in which humans live in harmony with nature and that "by 2050, biodiversity is valued, conserved, restored and widely used, maintaining ecosystem services, sustaining a healthy planet and delivering benefits essential for people." The 2030 Mission of the GBF is "To take urgent action to halt and reverse biodiversity loss to put nature on a path to recovery for the benefit of people and planet by conserving and sustainably using biodiversity and by ensuring fair and equitable sharing of benefits from the use of genetic resources, while providing the necessary means of implementation". CBD (2024a). [2050 Vision and 2030 Mission](#). <sup>04</sup> Target 19 of the GBF recognises that Parties will need to increase 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, by 2030 mobilising at least 200 billion United States dollars per year", this includes by "significantly increasing domestic resource mobilisation, facilitated by the preparation and implementation of national biodiversity finance plans or similar instruments according to national needs, priorities and circumstances" CBD, (2022a). [Kunming-Montreal Global biodiversity framework](#). <sup>05</sup> CBD (2022b). [Decision Adopted by the Conference of the Parties to the Convention on Biological Diversity: 15/7 Resource Mobilization](#). <sup>06</sup> World Bank Group (2021). [The Economic Case for Nature](#). <sup>07</sup> Nikiforova, N (2023). [Biodiversity Finance: Protect the Planet, Strengthen Livelihoods](#). <sup>08</sup> Target 19 of the GBF states the need to "Identify by 2025, and eliminate, phase out or reform incentives, including subsidies, harmful to biodiversity, in a proportionate, just, fair, effective and equitable way, while substantially and progressively reducing them by at least 500 billion United States dollars per year by 2040, starting with the most harmful incentives, and scale up positive incentives for the conservation and sustainable use of biodiversity". CBD, (2022a). [Kunming-Montreal Global biodiversity framework](#).

Current financial flows for nature stand at only US \$200 billion/year. This number is far outstripped by the estimated US \$7 trillion/year of financial flows harmful to nature – and this number is likely an underestimation.<sup>09</sup> Of these harmful financial flows, US \$1.7 trillion is public funding, and the picture shows no sign of improving any time soon. Since 2021, the

total public funding for environmentally harmful subsidies has increased 55%.<sup>10</sup> In order to fill the gap in funding for nature and successfully implement NBSAPs (and achieve the goals and targets of the GBF), Parties will need to devise plans for (re) aligning and eliminating existing harmful finance, as well as mobilising additional finance for nature.

GBF TARGET	TARGET EXPLANATION
<b>Target 3</b>	Effectively conserve and manage 30% of terrestrial, inland water, and coastal and marine areas in ecologically representative, well-connected and equitably governed systems of Protected Areas that are integrated into wider landscapes, whilst ensuring the sustainable use of resources is fully consistent with conservation outcomes.
<b>Target 14</b>	Integrate biodiversity and its values into all policies and strategies at the national level and align financial flows with the goals and targets of the GBF.
<b>Target 15</b>	Introduce legislation, policy, and administrative measures (including through reporting requirements) that encourage and enable businesses and financial institutions to reduce biodiversity-related risks and impacts and promote sustainable production patterns and positive impacts.
<b>Target 16</b>	Empower consumers to make sustainable consumption choices through supportive policy, legislative and/or regulatory frameworks, education, and access to information on alternative choices.
<b>Target 18</b>	Identify, eliminate, phase out, reform and align existing incentives and subsidies that are harmful to biodiversity (US \$500 billion/year) by 2030, whilst scaling up economic tools and incentives for nature positive choices.
<b>Target 19</b>	Increase financial resources from all sources for implementation of NBSAPs, including mobilisation of at least US \$200 billion/year by 2030 in additional finance. Domestic resource mobilisation should be facilitated through development and implementation of NBFPs (or another similar mechanism).

→ Table 1: GBF targets linked to finance for nature.<sup>11</sup>

## Implementing the GBF at the national scale through NBSAPs and NBFPs

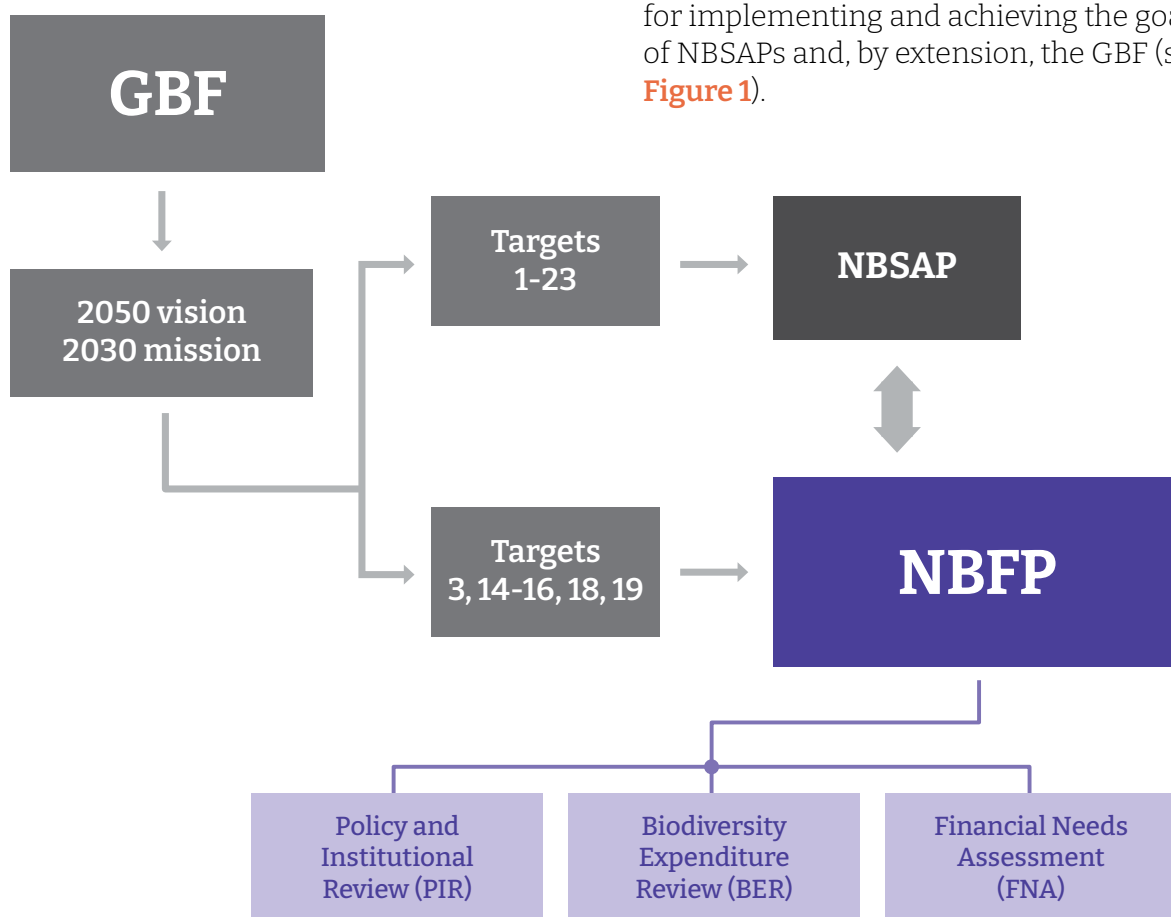
In order to achieve the goals and targets of the GBF, countries will need to translate them to the national level through developing NBSAPs. Since the adoption of the Nagoya Protocol in 2010, 185 of 196 Parties to the CBD have developed and submitted an NBSAP. In line with the CBD COP Decision 15/6<sup>12</sup>, all Parties must update their NBSAPs in accordance with the goals and targets of the GBF by the 16th

Conference of the Parties (COP16) in 2024 in Cali, Colombia. As of September 2024, only 20 countries and the European Union (EU) had submitted an updated NBSAP post-adoption of the 2022 GBF<sup>13</sup> Many countries are now faced with the challenging task of developing NBFPs to support the implementation and realisation of the goals and targets set in their NBSAPs.

<sup>09</sup> UNEP (2023). *State of Finance for Nature: The Big Nature Turnaround – Repurposing \$7 trillion to combat nature loss*. <sup>10</sup> UNEP (2023). *State of Finance for Nature: The Big Nature Turnaround – Repurposing \$7 trillion to combat nature loss*. <sup>11</sup> CBD (2022a). *Kunming-Montreal Global biodiversity framework*. <sup>12</sup> CBD (2022c). *Decision Adopted by the Conference of the Parties to the Convention on Biological Diversity: 15/6 Mechanisms for planning, monitoring, reporting and review*. <sup>13</sup> CBD (2024b). *Revised and updated NBSAPs due by COP16*.

NBSAPs are national strategies, plans or programmes that each Party to the CBD must develop. They lay out the domestic roadmap for the conservation and sustainable use of biological diversity, in line with the GBF. Article 6 of the CBD obligates Parties to undertake national biodiversity planning and develop a strategy for fulfilling the objectives of the CBD.<sup>14</sup> NBSAPs are essentially tools for realising Parties' obligations to consider and integrate the sustainable use and conservation of biological resources across national decision-making processes, and to "mainstream issues across all sectors of the national economy and policy-making framework".<sup>15</sup>

An NBFP is intended to outline promising finance solutions for realising the implementation of an NBSAP. As part of Target 19b of the GBF, NBFPs are identified as a tool for facilitating the domestic mobilisation of finance for biodiversity.<sup>16</sup> NBFPs should be adapted to country contexts, identify financial solutions with the highest potential for mobilising finance, that have the highest feasibility for implementation, and that may create substantial positive impacts for biodiversity. They should also lay out clear explanations of the business case for each financial solution and a roadmap for implementation. NBFPs should ultimately help countries to close the gap in finance for biodiversity at the national level by increasing financial resources available for implementing and achieving the goals of NBSAPs and, by extension, the GBF (see **Figure 1**).



→ **Figure 1: NBFPs support NBSAPs to implement the GBF**

<sup>14</sup> CBD (2006). [Article 6. General Measures for Conservation and Sustainable Use](#). <sup>15</sup> CBD (2024c). [What is an NBSAP?](#) <sup>16</sup> CBD (2022a). [Kunming-Montreal Global biodiversity framework](#).

According to the CBD, these plans should have long-term, sustainable financing in mind and consider all potential sources of finance (e.g., public and private, national and international). They are intended to identify opportunities for mobilisation **of additional finance** and for adoption of green finance policies which can help to **reduce the negative impacts of existing financial flows** on biodiversity.<sup>17</sup>

The CBD highlights the need for the NBFPP development process to include extensive stakeholder engagement - from civil society, to governments, to representatives from across the private sector. This diverse range of stakeholders must then be involved in the validation of NBFPPs, prior to adoption and implementation. Although NBFPPs are mentioned in Target 19b and Decision 15/7 of the CBD on Resource Mobilisation<sup>18</sup>, the CBD and GBF do not provide specific guidance on how to develop and implement NBFPPs. Target 19b identifies them as one approach to tackling domestic resource mobilisation for nature, however, it leaves room for Parties to adopt another mechanism or approach for closing the biodiversity finance gap.



<sup>17</sup> CBD (2024d). [T19 \(National Biodiversity Finance Plan\): How to Use GEF Funding](#). <sup>18</sup> CBD (2022b). [Decision Adopted by the Conference of the Parties to the Convention on Biological Diversity: 15/7 Resource Mobilization](#).

The process of developing an NBSAP can result in either a single biodiversity policy planning document, or a set of documents consisting of several standalone segments that complement one another in order to ensure a full plan for national adoption of the GBF. One of the suggested elements of an NBSAP includes the NBFP, which requires its own separate set of skills, expertise, and capacities to create. NBFPs

should be complementary to NBSAPs so as to ensure that adequate financial resources are made available to achieve the goals and targets of NBSAPs. NBFPs should therefore cover a number of essential topics and provide actionable pathways for financing biodiversity. The following key elements should be covered when developing an NBSAP, as a precursor to undertaking the NBFP development process<sup>19</sup>:

1

#### **Biodiversity Finance Policy and Institutional Review (PIR)**

Current policy and institutional frameworks that affect how biodiversity is financed – including financial resources and other incentives, direct financial flows, as well as those that are harmful to biodiversity and nature (indirectly), across all ministries and sectors - should be reviewed.

2

#### **Biodiversity Expenditure Review (BER)**

An assessment of current financial expenditures (public and private) that benefit biodiversity should be conducted – this includes estimating how much is currently spent on biodiversity at the national level.

3

#### **Financial Needs Assessment (FNA)**

Identification of the national biodiversity funding required – this entails quantifying (where possible) the amount of financial resources that would be needed to deliver NBSAPs.

>

#### **National Biodiversity Finance Plan (NBFP) development**

Combining the findings from the PIR, BER, and FNA, the National Biodiversity Finance Plan integrates these into a strategic plan that sets out how and through which financing mechanisms and innovative solutions the goals and targets of the NBSAP will be delivered, and how the national biodiversity funding gap will be closed.

<sup>19</sup> UNDP (N.d.). [The BIOFIN Approach](#).

# Developing an NBFP - Guidelines and best practices

## → Chapter 2

As set out in Target 19, Parties to the CBD should facilitate the increase of domestic resources for biodiversity through preparing and implementing a National Biodiversity Finance Plan (NBFP), or a similar instrument. NBFPs should clearly identify the national financing needs for biodiversity (in order to implement an NBSAP and close the domestic biodiversity finance gap) and prioritise financial solutions, mechanisms, and sources for mobilising (additional) finance for biodiversity.

### Key Guidelines for NBFP Development

Although there is no set framework for developing NBFPs, there are a set of guidelines on what NBFPs should contain provided by the CBD.<sup>20</sup> This includes:

- A summary of all relevant recommendations and outcomes from previous assessments (of financial needs and expenditures related to biodiversity),
- A list of prioritised financial solutions for increasing domestic finance for biodiversity,
- An elaboration of the business case for each of these prioritised financial solutions.

Identified financial mechanisms should, according to the CBD, be those that have the highest potential for leveraging finance, are most feasible in the domestic context, provide long-term and sustainable funding, and create the highest positive impacts for biodiversity. As CBD Decision 15/7 on Resource Mobilisation stipulates, countries should look to increase domestic resource



<sup>20</sup> CBD (2024d). [T19 \(National Biodiversity Finance Plan\): How to Use GEF Funding](#).

mobilisation from all sources. This includes by<sup>21</sup>:

- Significantly increasing domestic public biodiversity-related expenditures;
- Using (where appropriate) international finance to mobilise public and private domestic biodiversity finance;
- Designing and implementing (or scaling) positive incentive mechanisms, in line with other relevant international obligations;
- Significantly increasing domestic private biodiversity-related expenditures, both direct and indirect;
- Developing and applying biodiversity finance solutions, including by applying and/or scaling the use of innovative financial tools (such as blended finance or green/blue bonds);
- Enhancing the role of collective action, including increasing opportunities for engaging Indigenous Peoples and local communities, Mother Earth-centric actions, and non-market-based approaches.

Beyond just focusing on public finance, CBD guidance advises that NBFPS should also highlight means to mobilise and leverage private finance and outline (green/nature positive) policies for reducing the impact of

finance that negatively impacts biodiversity (e.g. subsidies and incentives). Furthermore, engaging a wide variety of stakeholders is central to the development of NBFPS, including representatives from civil society and the private and public sectors. This is to ensure that identified solutions are feasible, can be realistically implemented, and that they are well grounded in the needs and wants of relevant stakeholders. Thus, engagement with all groups of stakeholders from the start of the NBFPS process is essential.

The private sector should be involved in the co-design of NBFPS at the earliest possible point of the process, as the selected finance solutions must be aligned with the needs and capacities of private investors. This sector can enhance understanding and preciseness when developing business plans and identifying pipelines of investable projects to underpin finance solutions. It has a deeper understanding of financial legal arrangements, requirements of investors and risk and compliance teams, and other key factors that affect the attractiveness of business cases. Following their development, NBFPS should be validated, submitted to the CBD, implemented, and updated over time.

## International Best Standards – the BIOFIN approach

Whilst the CBD does not mandate a specific approach for developing NBFPS, the United Nations Development Programme's (UNDP) Biodiversity Finance Initiative (**BIOFIN**) has developed an integrated and comprehensive approach to assist countries in developing NBFPS.<sup>22</sup> Since 2013, BIOFIN has provided support – financial, technical, and capacity building – to over 40 countries to develop and implement NBFPS. BIOFIN will expand its work further in the coming years, having received funding from the Global Environment Facility (GEF) and UNDP to assist an additional 91 countries in

developing their NBFPS.<sup>23</sup>

Whilst the majority of countries that BIOFIN has assisted thus far are developing countries, the BIOFIN approach is a tried and tested tool that has been applied by countries across Asia, Africa, Europe, Latin America and the Caribbean, and the Pacific. A small number of high-income countries, including Ireland and Sweden, have applied the BIOFIN methodology (without assistance from BIOFIN itself) to develop their NBFPS.

<sup>21</sup> CBD (2022b). [Decision Adopted by the Conference of the Parties to the Convention on Biological Diversity: 15/7 Resource Mobilization](#). <sup>22</sup> CBD (2022d). [Resource Mobilization. Draft Decision submitted by the President](#). <sup>23</sup> Global Environment Facility (2023). [Innovative Finance for Nature and People: Opportunities and Challenges for Biodiversity-Positive Carbon Credits and Nature Certificates](#).



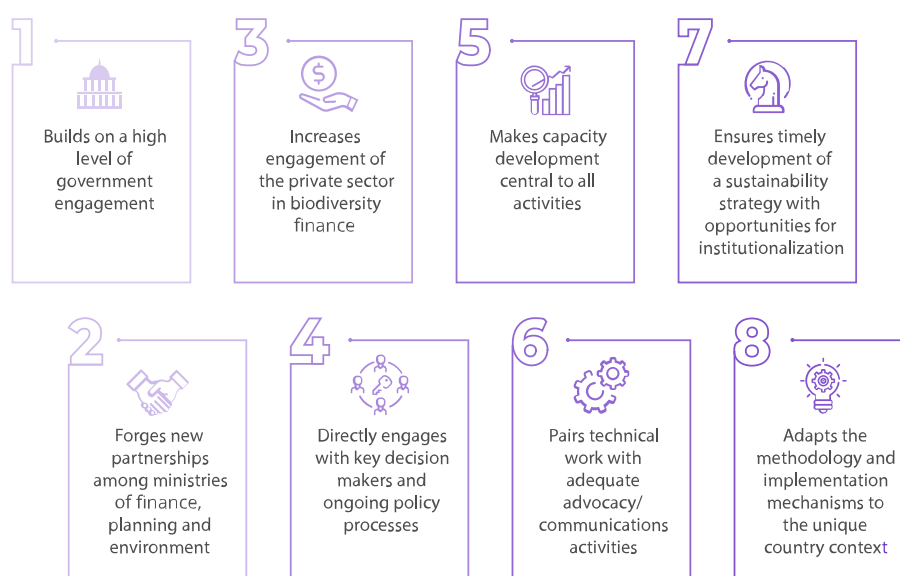
The BIOFIN approach provides a set of best practices and guidelines for the NBFP process, that low-, medium- and high-income countries can leverage to create strong NBFPs. The methodology has been tested and improved based on lessons learned from previous applications of the methodology. [The 2018 BIOFIN Workbook](#) provides step-by-step guidance for implementing the approach, improving

upon the original 2014 and 2016 Workbooks ([a 2024 version of this workbook](#) was released after the initial publication of this paper). Whilst countries can adapt the methodology as they see fit, it provides a strong starting point for countries on their journeys to developing and implementing NBFPs. Below, the key elements of the BIOFIN approach are broken down.

## Steps of the BIOFIN Approach

The BIOFIN approach is built upon 8 key pillars ([Figure 2](#)). These pillars highlight the need for engagement of stakeholders (cross-government, private sector, civil society), capacity building (technical and financial), and identification of key needs and implementation mechanisms to ensure institutionalisation and uptake of the NBFP.

As part of the BIOFIN approach, four total outputs are created based on a number of key processes: three assessments (the Policy and Institutional Review - PIR; the Biodiversity Expenditure Review - BER; and the Financial Needs Assessment - FNA); and one plan (Biodiversity Finance Plan - BFP). Undertaking each of the steps in the BIOFIN approach will enable and strengthen countries' NBFPs, as the PIR, BER and FNA are all important building blocks for the final BFP ([Figure 3](#)).



→ **Figure 2: The eight pillars of the BIOFIN approach to NBFPs.**<sup>24</sup>

<sup>24</sup> UNDP (2018). [The Biodiversity Finance Initiative Workbook 2018: Finance for Nature](#).



### **The Biodiversity Finance Policy and Institutional Review (PIR)**

This first step is an analysis of the national institutional and policy frameworks that affect how biodiversity is financed. During this review, the key drivers of biodiversity loss and negative impacts on nature are identified (via root cause analysis), as are the key actors and policies that impact biodiversity and that are affected by its loss. In addition, this review will shed light on the existing mechanisms that influence finance for biodiversity. It considers national budgeting processes, biodiversity-related revenues, and both supportive and harmful subsidies.

Drivers of change identified in the PIR should be used to inform the targets and objectives of a country's NBSAP. Policies identified during the PIR that facilitate positive impacts on nature can be mainstreamed and amplified by integrating them into the NBSAP development process, while policies and financial flows that negatively impact biodiversity can be phased out or realigned.

### **The Biodiversity Expenditure Review (BER)**

This step focuses on estimating the amount of finance at the national level that goes towards biodiversity by looking at both budgeted and actual expenditures on nature positive actions. Besides the public sector, it considers expenditures by a wide range of actors, including the private sector, donors, and civil society actors. This includes finance for biodiversity positive projects and actions (such as conservation funds). It also distinguishes between primary and secondary biodiversity expenditures.

Assessing all biodiversity-related expenditures from across all sectors is the goal of this stage and the long-term aim of conducting such a review. It may, however, be difficult for countries to achieve such a comprehensive review in the short-term. Methods and assessment frameworks will need to be developed to help map and assess expenditures that impact biodiversity in order to capture some of this information. Special care will need to be taken to also assess private financial flows and expenditures. Over time, these methods and approaches can be fine-tuned and expanded to ensure more accurate capturing of financial resources impacting biodiversity.

An important step within the BER is the review of the current state of public biodiversity finance, which aims to create a comprehensive understanding of the biodiversity finance landscape in a country. BERs look at expenditures across all government ministries and agencies, at all levels, rather than focusing only on direct biodiversity-related expenditures by ministries of the environment or nature. The BER can thus also be used to identify mechanisms and actions that may already be aligned with the goals of NBSAPs and that can help to mainstream biodiversity.

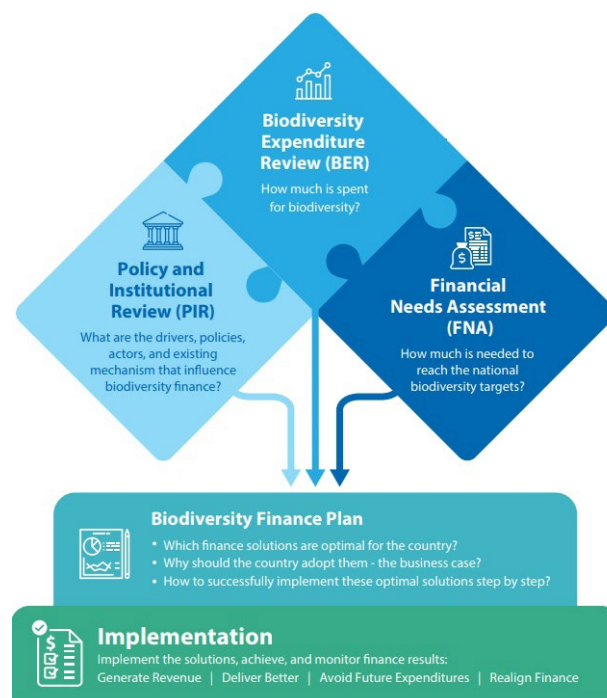


## The Financial Needs Assessment (FNA)

The FNA is used to ‘cost’ an NBSAP and inform the NBFP. It estimates the financial resources needed to implement and achieve the goals of an NBSAP in relation to actual current expenditures on biodiversity. Generating cost estimates for NBSAP targets and actions can help streamline the development of an NBFP.

## The Biodiversity Finance Plan (BFP)

Developed following the undertaking of the PIR, BER, and FNA, the BFP is a key process (and, eventually, end document) that enables the implementation of the NBSAP and acts as part of a country’s roadmap towards achieving nationally set targets and those of the GBF. The BFP outlines what finance solutions are accessible and feasible in the context of a country and its respective NBSAP goals and targets. The solutions identified in the BFP are intended to directly fund activities identified within the NBSAP.



→ Figure 3: Essential elements for the development of a BFP and successful implementation.<sup>25</sup>

## Developing a (National) Biodiversity Finance Plan ((N)BFP)

The BIOFIN approach for developing (N)BFPs provides a standardised and integrated method to collect and analyse key biodiversity-related data and findings that will be used as a springboard for creating NBFPs.

The BFP builds upon the PIR, BER and FNA to create an integrated action plan that lays out a strategy for engaging action and catalysing finance from both the public and private sectors. It defines roles and responsibilities for different actors and stakeholders, highlights key financing mechanisms for reducing the national biodiversity finance gap, and identifies key policies, regulations, and legislation in need of reform to create the right enabling

environment for achieving nature goals. The final (N)BFP should:

- 1** Define the prioritisation criteria for choosing solutions at the national level, with input from stakeholders, and provide a prioritisation of (innovative) financing solutions that can be adopted and scaled.
- 2** Set out an approach for addressing financial needs and applying identified solutions.
- 3** Provide technical information on each solution, including the business case and expected financial results, alongside a plan for operationalisation.

<sup>25</sup> UNDP (2018). *The Biodiversity Finance Initiative Workbook 2018: Finance for Nature*.

4

**Identify policies, mechanisms, and financial flows that contribute to harmful economic activities and biodiversity loss. Furthermore, policy options to reduce, redirect, or eliminate harmful incentives must be identified and implemented.**



An NBFP should expand on the prioritised finance solutions and build the business case for them in the national context, enabling countries to move on to the implementation stage swiftly. It effectively serves as a resource mobilisation plan, guiding countries on what financial

mechanisms and resources are available and what the challenges and opportunities associated with these mechanisms are. The BIOFIN methodology for developing an (N)BFP follows a 7-step process to guide countries (**Table 2**):

STEP	DESCRIPTION
<b>1. Preparation</b>	Scoping the work, including identification of responsible parties and key stakeholders, and data and documentation gathering.
<b>2. Gather baseline information and establish the context</b>	Based on the findings of PIR, BER and FNA, the vision of the (N)BFP should be defined, and the state of domestic biodiversity finance, the institutional and policy context, and financial needs serve as an entry point to identifying potential finance solutions.
<b>3. Create a comprehensive list of potential finance solutions</b>	Finance instruments and solutions should be identified and described to inform step 4.
<b>4. Screen and prioritise the finance solutions</b>	Solutions should be screened in a detailed manner and a short list of solutions should be prioritised based on evidence and stakeholder and expert input. Solutions should be scored according to 1) potential impact on biodiversity; 2) potential financial outcomes; and 3) likelihood of success. A more detailed breakdown of key screening criteria can be found in the BIOFIN Workbook. <sup>26</sup>
<b>5. Develop technical proposals for priority solutions</b>	An assessment of the feasibility of each of the prioritised finance solutions should be undertaken. Solutions should be assessed on their technical proposals, which should include information on expected financial results, timeline, scale, key stakeholders to engage, risks and opportunities, and the assignment of roles and responsibilities for implementing each solution. <sup>27</sup>
<b>6. Formulate a case for investment</b>	Includes defining the rationale and making a strong case for decision-makers to adopt and implement the solution.
<b>7. Write and validate the Biodiversity Finance Plan</b>	The (N)BFP should be developed as a formal policy document and submitted to the CBD after allowing stakeholders to provide feedback and validate the document.

→ **Table 2: Overview of the 7-step Biodiversity Finance Plan process.**<sup>28</sup>

<sup>26</sup> UNDP (2018). *The Biodiversity Finance Initiative Workbook 2018: Finance for Nature*. <sup>27</sup> Developing detailed assessments of each financial solution may be complex and unfeasible when first developing an NBFP – these documents should thus be considered living documents whereby countries continue to update them over time with more detailed feasibility information is available and more in-depth analysis can be conducted. <sup>28</sup> Adapted from: UNDP (2018). *The Biodiversity Finance Initiative Workbook 2018: Finance for Nature*.

# Lessons learned and recommendations from experiences with NBFP development



## → Chapter 3

This chapter delves into the key findings and recommendations developed based on experiences and lessons learned from various countries' applications of the BIOFIN methodology, a review of recent publications and literature, from a survey shared amongst IDFB participants, and interviews. The three key recommendations are first presented, whilst more granular recommendations that can be applied to each of the individual steps of the BOIFIN methodology are then broken down in greater detail below.

### **Key recommendation 1: Reform and adapt the overarching system**

The first essential recommendation for countries to take on board is the pressing need to **reform and adapt the overarching policy, regulatory and legislative environment at the national level in order to mainstream a whole-of-society and whole-of-government approach to tackling biodiversity loss**. This is a prerequisite for developing successful nature policy and mainstreaming nature across all ministries and departments of governments, and going beyond this to ensure nature is integrated and prioritised across all levels and sectors of the public, private and civil spheres.

A key condition for advancing nature policy will be to stop approaching nature as a standalone policy area, wherein nature policies are merely tacked on to different ministries' mandates as an additional policy measure to consider. Rather, nature policy should become an integral part of all other kinds of policy. Nature should be integrated into policy and decision-making processes and become a mandatory element that all ministries and departments must consider and be obliged to tackle when developing other policy, whether this be focused on the economy or development, for example. Integrating nature into all decision-making processes across sectors, systems and levels will enable nature to become a priority and will provide ministries and sector leaders with the ability to understand how other policies may negatively impact or impede progress on nature positive actions. For example, when countries develop incentives and subsidies that aim to incentivise nature positive actions, this may on the surface level appear to be a step forward for the nature positive transition. However, if ministries are at the same time creating or continuing to provide subsidies for activities that harm nature (through subsidies for fossil fuels or harmful pesticides for the agricultural sector), this will negate the positive impacts potentially created by nature positive incentives. Oftentimes, these harmful subsidies massively outweigh those that are positive to nature.

If ministries and policymakers are required to take nature into account when designing any and all policy measures, the tension between nature positive outcomes and nature negative incentives and subsidies will be more apparent to them. This will make it easier for them to develop policies that are not harmful to nature or contradict the potential positive outcomes created by nature positive policies. This can also help governments move towards ensuring that the policies of certain ministries (often ministries of development or finance, in practice) do not always take precedence over key nature positive policies developed by ministries of nature / the environment, which often hold less political sway and power.

In order for this transition to mainstreaming nature across all levels, sectors and government ministries to happen, countries will have to take a wide enough scope when conducting their PIRs. This will help ministries across different levels and sectors to gain a concrete understanding of how their own policies impact and depend on biodiversity. This can also advance inter-ministerial understanding of how current policies may be undermining or contradicting nature positive policies and give them the power to start assessing and reforming the national policy and regulatory framework to align better with nature goals and targets.

## **Key recommendation 2: Engage key actors from the private sector**

The second key recommendation derived from our research is the vital importance of engaging key actors from the private sector in the NBFP process from early on. This is a key group of stakeholders that must be involved in the NBFP process from the start in order to create an NBFP that is actionable, meets the needs and requirements of the stakeholders that will be involved in implementing it, and will be implemented upon adoption. The private sector is a key group to engage as they have much to bring to the NBFP process – they are an essential group to involve in the identification and development of finance solutions for financing nature at the national level. Private sector actors have a strong understanding of the needs and requirements of investors in order for them to build trust and invest in these solutions when they reach the implementation stage. Thus, in the development process they are an essential ally to leverage to help to ensure that the identified solutions will be successful in the national context. They can contribute to the identification of tried and tested solutions that private sector actors are familiar with and may already have some degree of confidence in, reducing the eventual resources that would be required and time needed for securing buy-in from the private sector. Furthermore, the private sector will be vital for developing the technical proposals that underlie each of the selected financial solutions – they understand what topics will need to be covered under these proposals and what potential investors will want to see in these business cases. Finally, the private sector is an essential group of stakeholders to engage in this process as they are ultimately one of the key sources of finance that will be needed for the implementation of of these solutions. Private sector finance will need to be unlocked in order to fund the identified finance solutions – thus, the private sector must be engaged in the NBFP development process from the start, and this should continue throughout the process, in an earnest and frequent manner. This collaboration and engagement should continue even after NBFPs have been adopted and entered the implementation phase, as they must be adapted and improved over the years.

### Key recommendation 3: Leverage the existing BIOFIN approach to jump-start the NBFP process and learn from other countries' experiences

Finally, we recommend that Parties do not try to each reinvent the wheel and should instead prioritise getting started with the NBFP process as soon as possible by **leveraging the existing BIOFIN methodology to jump-start the NBFP process and learn from the experiences of other countries**. The process of developing an NBFP is complex and can be very challenging for countries to undertake, especially where one has not been attempted before. Instead of getting lost in the complexities of designing and piloting a novel process for creating an NBFP, countries should leverage the existing framework developed by BIOFIN that has been successfully tried and tested across the world by many countries. This comes with the benefits of being able to learn from the mistakes and challenges of other countries, without having to make the same mistakes themselves. Furthermore, it opens the door to a world of peers with which countries can engage in dialogues to learn more, exchange knowledge and key learnings, and identify potential areas for collaboration. The BIOFIN approach lays out seven clear steps for countries to follow – but countries are also free to adapt these steps and make them better suited to their own national contexts.

## Step-by-step recommendations

As part of the research conducted for this thought paper, we have analysed the NBFPs of a number of countries that implemented the BIOFIN methodology and have identified a number of key learnings that countries can apply across the seven steps of the methodology. Below, the recommendations for each of the seven steps are broken down at a more granular level. It should be noted that the first two key recommendations - on reforming the overarching system and engaging the private sector – also form essential parts of the improvements that can be applied throughout the steps of BIOFIN's methodology, and are thus woven throughout the recommendations for each of the steps.

### Important considerations for ensuring finance policy alignment and mainstreaming throughout the NBFP process

1

#### Recommendation 1: Change the rules of the game to push forward private sector action on nature loss.

To accelerate and encourage action from the private sector, governments must create a policy and regulatory mixture that sets a conducive environment for change. The right policy mix can significantly reduce the required public funding and increase the available private funding for nature. Predictable long-term public policy will unlock the potential of the financial sector to fund the sustainability transition. Once regulation is applied to an entire sector and a level playing field that centres nature is established, the business cases for nature will emerge. Ambitious NBFPs that leverage higher levels of private finance will be more effective than NBFPs relying predominantly on public finance.

**Recommendation 1a: Parties should evaluate and transform harmful incentives and policies across the whole of government and develop effective screening mechanisms.**

Governments will have to adapt policies and incentives across sectors, ministries, and at the national and local level to remove harmful incentives and mechanisms from the entire governmental spectrum. Reducing harmful incentives from only obvious areas, such as pesticide subsidies, will leave other harmful mechanisms in place that have the power to undermine positive policy incentives.

Governments need to develop appropriate screening mechanisms to conduct thorough assessments of potential harmful impacts of subsidies being designed or due to be adopted.

**Recommendation 1b: Governments need to create incentives for activities that positively impact nature, phase out and ban practices that harm nature, and set requirements for the private sector to undertake certain actions.**

Removing harmful incentives will not be enough – to create nature positive outcomes, incentives and policies need to be introduced that create positive impacts for nature. At the same time, transitional policies that phase out harmful activities will have to eventually be retired. Outlining requirements for the private sector will also be essential (e.g., mandating additional restoration measures as part of permit requirements, requiring disclosure of nature transition plans as part frameworks such as the CSRD).

2

**Recommendation 2: Mainstream nature across all of government to ensure financial policy prioritises nature.**

Often, ministries of finance and agriculture have more political sway on national agendas and are allocated far higher (financial) resources than ministries of nature and the environment. This creates an imbalance of power that must be addressed. Actions and strategies undertaken by ministries of nature and the environment may create positive outcomes for biodiversity, however there is a risk that these will be outweighed by potential negative impacts created by policies of other ministries.

**Recommendation 2a: Take a more systematic approach to developing financial plans and strategies to ensure nature and biodiversity are a priority across all ministries, so that all recognise the urgent need for action and integrate this into their agendas.**

This entails exploring and implementing conservation and restoration actions, as well as identifying and tackling impact drivers, across all sectors and ministries (e.g. agriculture and energy) and scales (e.g. local, regional, national). This will require that different ministries that are not nature-focused (including ministries of finance, development, infrastructure, etc.) take up nature conservation and restoration as a key issue and that this is reflected in their respective ministerial plans, strategies, and priorities. The BER can serve as a useful entry point for mainstreaming and for the involvement of other ministries.



### **Recommendation 3: Approach NBSAPs and NBFPs as complementary processes and align them with other national priorities and strategies.**

The level of ambition of NBSAPs and NBFPs is a vital determinant of whether these processes will contribute to the achievement of the goals and targets of the GBF. Parties should be cautious not to get stuck in the paradigm of Do No Harm thinking, as this will ultimately not put us on the path to nature positive. Furthermore, Parties should not undertake NBSAP and NBF processes in isolation of one another. Ensuring sufficient overlap and feedback between those responsible for these processes is important to creating NBFs that are feasible, appropriate for realising the goals and targets of NBSAPs, and capable of mobilising the necessary amount of finance for nature.

#### **Recommendation 3a: Take a wide scope when developing NBSAPs and conducting the PIR and BER assessments.**

Nature-related policy is not the only suite of tools that can drive action on nature. Non-nature related policies - whether they be financial, disclosure, or overarching - also affect biodiversity and need to be assessed in the PIR.

#### **Recommendation 3b: Adequate data needs to be systematically collected, and where possible, made available on public and private finance that impacts biodiversity at the national level.**

Information must be made available on biodiversity resources, and strong indicators for measuring baselines, progress, and for analysing ecosystem health must be developed, as this will be an essential input for the PIR, BER, and FNA.<sup>29</sup> Data needs to be collected and stored in a systematic way. Parties that have already published NBFs have learned important lessons regarding data access and availability that should be considered by others. For example, in India's NBF from 2019, a lack of available data, resources, and capacity hindered the prioritisation of finance solutions. As there were gaps in quantification of NBSAP targets and in the FNA, prioritisation of finance solutions was reserved for a future edition of its BFP.<sup>30</sup> The TNFD is currently working on the topic of data improvement - Parties developing NBFs should engage with the TNFD, BIOFIN, and public and private stakeholders working on the topics of data access and availability. This can help in identifying risks, dependencies and investment opportunities, and increase opportunities for collaboration and improvement.

#### **Recommendation 3c: Increase the specificity of actions, targets, and goals of NBSAPs.**

Creating more granular targets and goals makes it easier for NBF developers to identify funding needs for specific actions and thus identify mechanisms capable of mobilising the right amount of finance.

#### **Recommendation 3d: Provide costed estimates of programmes and actions within NBSAPs.**

These estimates can function as a starting point for NBFs when estimating the potential cost of NBSAP implementation and identifying promising finance solutions. NBSAPs should provide a framework of indicative budgets linked to quantified targets – NBFs should then expand upon and improve on these details.<sup>31</sup>

<sup>29</sup> The majority of survey respondents highlighted challenges with data availability and a lack of technical and financial capacities for undertaking these processes. <sup>30</sup> NBA & UNDP (2019). [Biodiversity Finance Plan Working Document](#). <sup>31</sup> Wolfs Company & Ecoagricultural Partners (2023). [Lessons Learned from Integrated Landscape Finance to Advance the Global Biodiversity Framework](#)

## Step 1 of NBFP development: Preparation

4

### **Recommendation 4: Develop and retain key capacities and knowledge.**

Any type of integrated planning approach is inherently complex and difficult to implement. NBFPs are no different; they will require a deep understanding of complex information that is hard to get a full picture of. NBFPs will need adequate financial, technical, human, and knowledge capacities to be implemented successfully.

#### **Recommendation 4a: NBFPs should outline a plan for how to develop and retain necessary capacities and technical knowledge for implementation.<sup>32</sup>**

Often, staff do not have adequate time for learning about and collaborating within and across ministries on NBFP development. Furthermore, as these processes have long time horizons, goals, and strategies in mind, and government priorities and staff change at a faster rate than progress on biodiversity goals will be achieved, capacity issues will continue to permeate this process. To develop and maintain capacity and knowledge, NBFPs should not be managed as a one-off project, but considered as an ongoing task coordinated and executed by a permanent secretariat, with a team of staff available that have the necessary skills and knowledge.

#### **Recommendation 4b: Ensure training, capacity building, and technical expertise are developed within and across agencies and ministries responsible for NBFPs and NBSAPs.**

Building technical knowledge and expertise on biodiversity and finance across ministries and levels is important. New tools, guidance frameworks, and knowledge exchange forums will need to be created and maintained to build the capacities and expertise of different ministries and staff.

#### **Recommendation 4c: Recruit experts and facilitate inter-ministry knowledge sharing and retention and enhance collaboration.**

Policy officers rotate, which risks capacity and knowledge departing with them. Governments need to ensure that training and expertise is maintained within departments, and that ministries learn to collaborate well amongst each other to accelerate the mainstreaming of biodiversity across government and society.

#### **Recommendation 4d: Clearly define roles and ownership of the NBFP process.**

Identifying who will be responsible for which actions (e.g., monitoring, managing, and reporting of actions/targets) at the national level, as well as for the different elements of the NBFP, will be essential for successful implementation.

## Step 2 of NBFP development: Gather baseline information and establish the context

5

### **Recommendation 5: Ensure adequate data availability pertaining to public and private financial flows, positive and harmful finance, and baseline data on biodiversity.**

In order to conduct accurate BERs and FNAs and develop adequate NBFPs, data is needed on finance related to nature, both positive and negative. Data availability and

<sup>32</sup> NEMA & UNDP (2019). [Uganda National Biodiversity Plan](#).

technical capacity were identified by four survey respondents as a key challenge for developing NBFPs. Many Parties still have difficulties in discerning the actual level of private financial flows towards biodiversity. The problem permeates the public sector, too – to successfully close the biodiversity finance gap and achieve the goals of the GBF, harmful public finance will need to be identified before it can be realigned.

**Recommendation 5a: Governments should mandate reporting frameworks and the assessment of risks, impacts, and dependencies of financial institutions and businesses, whilst reforming how public finance is monitored, too.**

Data availability and disclosure and reporting on nature-related impacts, dependencies, risks, and opportunities will need to be improved and supported via policy, regulation, and legislation. Parties must exchange lessons with one another to develop comprehensive frameworks for assessing (especially private) financial flows related to nature.<sup>33</sup> They also need to reform how other public flows are tracked and reported – including Official Development Assistance (ODA).

6

**Recommendation 6: Ensure engagement of all relevant ministries and agencies to set the context for developing the NBFP and identify the most appropriate finance solutions.**

Setting the context is also a key element of developing an NBFP – Parties should ensure adequate coordination amongst and between ministries to guarantee they are taking a wide enough scope when collecting data and identifying relevant finance solutions.

### Step 3 of NBFP development: Create a comprehensive list of potential finance solutions

7

**Recommendation 7: Engage actors from across the entire system to uncover potential finance solutions – including from across government ministries, the private and public sectors, and stakeholder groups.**

Three survey respondents explicitly identified policy coordination and involvement of different ministries and actors as important challenges when developing NBFPs, as was ensuring participation of all stakeholders (local, provincial, central government, and the private sector - including business, media, and academia). When developing a list of potential finance solutions, Parties should take a wide enough scope to uncover the true range of potential solutions for financing nature. This ensures that opportunities identified can go beyond just creating biodiversity outcomes – ways to generate other socio-economic values can also be a focus of messaging surrounding NBFPs to secure further support.<sup>34</sup> Georgia's experience with the BIOFIN process highlighted the need to involve all possible stakeholders when developing an NBFP to ensure that the financial solutions identified can be integrated within other national processes.<sup>35</sup>

**Recommendation 7a: Leverage existing resources from BIOFIN and engage with representatives of other countries that have already undertaken the NBFP development process to identify additional finance solutions.**

There are many existing resources available for countries to use as inspiration and learn from when it comes to identifying potential finance solutions. [The BIOFIN Catalogue of Finance Solutions](#) details all solutions previously profiled by BIOFIN.

<sup>33</sup> One survey respondent noted that "private finances for biodiversity remain highly uncertain and a challenge", whilst another reiterated that gathering data from the private sector is extremely difficult. <sup>34</sup> Summary of 2nd Finance x Finance meeting 19/09/2023 (unpublished). <sup>35</sup> MEPA & UNDP (2018). [The Biodiversity Finance Plan](#).

**Recommendation 7b: Engage early with private sector actors in both NBSAPs and NBFs, ensuring they are involved in the design and prioritisation of solutions.**

This will help with the identification of business models that are attractive to actors from this sector and generate returns on investment.<sup>36</sup>

## Step 4, 5 and 6 of NBF development: Prioritising solutions and developing technical proposals and investment cases

8

**Recommendation 8: Prioritise solutions that focus on the reform, reduction, or elimination of environmentally harmful finance and that support the mobilisation of private finance (Target 18).**

Mobilising new finance and leveraging novel financial solutions will only get countries so far if large amounts of finance continue to flow towards activities actively working against biodiversity goals. This will require substantial inter-governmental and cross-sectoral collaboration between actors.

**Recommendation 8a: NBFs should provide a roadmap for how to implement Target 18.<sup>37</sup>**

Governments must ensure they give adequate consideration to the reform of existing harmful financial incentives and prioritise reforming, reducing, and removing them as a pre-requisite to achieving the alignment of all financial flows with the goals and targets of the GBF.

**Recommendation 8b: NBFs should lay out how the public sector will mobilise private investment, clearly identifying mechanisms that target increasing and de-risking private investment.**

Governments must support private sector investment by structuring financial mechanisms, creating subsidies or incentives that facilitate biodiversity positive investment from the private sector, and providing finance such as grant funding and guarantees to reduce/share risk.<sup>38</sup> Strong messaging is needed to clarify the business case for the private sector to be involved, clearly outlining how different instruments are marketable and attractive for investors.<sup>39</sup> Furthermore, engaging private concessional and private sector funders in the prioritisation and detailing of solutions can help to ensure investors are lined up to invest in these solutions once they are implemented.

9

**Recommendation 9: Develop robust technical proposals and investment cases for prioritised financial solutions to determine the potential for buy-in, feasibility, and success.**

When identifying and prioritising finance solutions, NBFs need to provide clear and persuasive information to encourage uptake from investors and key actors – including stakeholders, such as local communities, that may play a role in implementation. When selecting the solutions, countries will need to develop strong proposals and clear routes for implementing each mechanism.

<sup>36</sup> Summary of 2nd Finance x Finance meeting 19/09/2023 (unpublished). <sup>37</sup> Business for Nature (2023). [Business for Nature's recommendations on how to include the role of business and finance in updated National Biodiversity Strategies and Actions Plans \(NBSAPs\)](#). <sup>38</sup> Wolfs Company & Ecoagricultural Partners (2023). [Lessons Learned from Integrated Landscape Finance to Advance the Global Biodiversity Framework](#). <sup>39</sup> Summary of 2nd Finance x Finance meeting 19/09/2023 (unpublished).

**Recommendation 9a: Finance mechanisms should be sufficiently detailed.**

The value, risk category, risks and risk mitigation strategies, governance structures, integrity, profit projections, and incentives for adopting these mechanisms need to be clear to garner private sector interest and trust. The level of detail required will depend on the objective of the finance mechanism and the audience that the mechanism is targeting (e.g., private investors, MDBs).

**Recommendation 9b: Clarify types of investment needed, financial incentives for investments, and underlying business models.**

Enhancing understanding of different stakeholders – including and especially of private investors and ministries of finance – can increase the attractiveness of these solutions and the likelihood of uptake. The business case for each solution should be detailed and strong to increase buy-in and uptake.<sup>40</sup>

10

**Recommendation 10: Apply lessons from landscape thinking approaches to accelerate transformation.**

The lack of understanding of the risks and benefits associated with projects, the finance available within a landscape, and the lack of investable project pipelines hinders the mobilisation of finance. Landscape approaches – which consider the spatial make-up and context of a specific area and prioritise solutions at a landscape level rather than for an individual project - can increase coordination of public ministries and enhance collaboration amongst public and private actors. Governments can use NBFPS to develop clear insights into projects ready for investment in a landscape, provide blueprints of how they can support or accompany private finance to reduce potential risks, and outline the feasibility of projects for creating positive biodiversity impacts and financial returns.

**Recommendation 10a: Governments and investors within a landscape should collaborate on the development of investment strategies and pipelines.**

This will increase effectiveness and accelerate the implementation of identified solutions. Developing bankable project pipelines of investable activities and actions can also facilitate mobilising finance, as they provide investors with clear pathways for investing in projects that are already aligned with the goals of the landscape. Creating portfolios of projects ready for investment is key for increasing future resource mobilisation. Identifying projects that bridge climate and biodiversity outcomes should be prioritised.<sup>41</sup>

**Recommendation 10b: Identify existing successful finance solutions and then scale and replicate these solutions.**

This approach may be more feasible and lead to faster adoption of mechanisms than trying to develop completely new and untested solutions.<sup>42</sup>

**Recommendation 10c: Ensure that identified and prioritised solutions cover all of the main GBF targets, especially those related to finance.**

It is essential to cross-check whether the suite of solutions identified contribute to the key goals and targets of the GBF. Targets related to finance should be assessed to ensure that the prioritised solutions are able to close the biodiversity finance gap of the country.

<sup>40</sup> Summary of 1st Finance x Finance meeting 27/06/2023 (unpublished). <sup>41</sup> Summary of 2nd Finance x Finance meeting 19/09/2023 (unpublished).

<sup>42</sup> Wolfs Company & Ecoagricultural Partners (2023). [Lessons Learned from Integrated Landscape Finance to Advance the Global Biodiversity Framework](#).

## Step 7 of NBFP development: Write and validate the Biodiversity Finance Plan

11

### **Recommendation 11: Use NBFPs to develop common understandings and leverage support of ministries and stakeholders to maximise coordination with existing policy.**

The final step of the NBFP process entails the creation and validation of the NBFP itself. It is key that the end document is one which helps to create common understandings of the finance solutions selected, that it adequately aligns with the NBSAP, and that it has a place in national policy. A key lesson from applying the BIOFIN approach in the past has been the need to capitalise on existing support and to create coordination across finance and biodiversity stakeholders to accelerate adoption and implementation.<sup>43</sup> This will ultimately help in developing NBFPs that are accepted by all stakeholders and that are suitable for implementation in the national context.

#### **Recommendation 11a: Maximise alignment and integration of NBSAPs and NBFPs with other strategies (including climate) at the national level to accelerate mainstreaming and create a common national language.**

One of Malaysia's priority solutions included the institutionalisation of the BIOFIN methodology across sub-national levels and stakeholders to help mainstream biodiversity finance and create a more common language for discussing the topic.<sup>44</sup> Governments can maximise the alignment of NBSAPs and NBFPs with climate policies (including Nationally Determined Contributions (NDCs)) and economic development policies, as well as across other ministries, agencies, and levels. This can accelerate the mainstreaming of biodiversity and the creation of a common planning and vision – a more 'whole-of-government' approach to nature. Countries such as Thailand have already linked their NBFPs to other key national agendas and strategies to accelerate mainstreaming and advance uptake.<sup>45,46</sup>

12

### **Recommendation 12: Create opportunities for feedback and facilitate knowledge sharing to increase private sector engagement and uptake.**

To maximise uptake of the finance solutions and ensure that the NBFP is responsive to the needs and interests of actors within the national context, it is important that NBFPs have adequate feedback mechanisms. Facilitating the sharing of experiences not only amongst countries, but also amongst representatives of the public and private financial sectors within a country, will be essential for successful implementation and continued improvement the NBFP. Developing technical proposals for funding mechanisms can have high transaction costs – creating an overarching 'funding catalogue' could help countries lower these costs.<sup>47</sup> Sharing lessons in this catalogue on both opportunities for replication and scaling, and on challenges and impediments faced in implementing solutions, could help other countries in their NBFP development. As both natural systems and financial markets are themselves volatile, NBFPs and finance solutions should have flexibility and adaptability built into them so that they are resilient and can be constantly reassessed during design and implementation.

#### **Recommendation 12a: Create feedback mechanisms between stakeholders involved in the NBSAP and NBFP processes.**

This is to ensure that knowledge and information is shared that can improve and align the two documents. Feedback moments for stakeholders (both from the

<sup>43</sup> UNDP (2018). *The Biodiversity Finance Initiative Workbook 2018: Finance for Nature*, <sup>44</sup> UNDP (2022). *Biodiversity Finance Plan (BFP) for Malaysia*, <sup>45</sup> ISSD (2022). *GEF Support to the Development and Implementation of Biodiversity Finance Plans*, <sup>46</sup> UNDP (2020). *The Biodiversity Finance Plan. The Biodiversity Finance Initiative (BIOFIN) – Thailand*, <sup>47</sup> Summary of 1st Finance x Finance meeting 27/06/2023 (unpublished).

public and private sectors) should be implemented early in the processes and continue throughout the different stages, and stakeholders included should be diverse (e.g. government, private sector, financial institutions, NGOs, research institutions, local communities).

**Recommendation 12b: Facilitate knowledge sharing exchanges and create/support institutions that enable the sharing of best practices and lessons learned between countries.**

Stakeholders from different countries can learn from each other's experiences, share knowledge and resources for improvement, and help one another to apply lessons learned to their own NBFP development. Such exchanges - such as through the Interface Dialogue Finance & Biodiversity (IDFB) - can also, as one survey respondent emphasised, create opportunities for countries to have a "greater influence and impact beyond national borders". There are many countries that can share their experiences and approaches to mobilising and engaging private finance, aligning public and private flows, developing methodologies for the various parts of the NBFP process, and testing finance solutions.

**Recommendation 12c: Ensure that workshops, dialogue sessions, or other forums have adequate private sector engagement.**

It is important for stakeholders from the public and private sectors to have a space to engage with one another on the topic of biodiversity finance. This can help to facilitate increasing the private sector's understanding of its role in closing the biodiversity finance gap and realigning harmful financial flows. This can also foster further opportunities for collaboration and enhance engagement from financial institutions and businesses. The same should be applied to other industries - including, for example, energy, agriculture, infrastructure - as stakeholders from these sectors will also be able to invest in nature-based solutions in their own fields.

**Recommendation 12d: NBFPs must be developed in an inclusive manner that involves women, youth, and Indigenous Peoples and local communities.**

Similar care as with engaging private sector actors should be taken to ensure that representatives from Indigenous Peoples and local communities and civil society at large are also afforded opportunities to engage in, contribute to, shape, and validate NBFPs.<sup>48</sup>

**Recommendation 12e: Develop different messaging approaches to generate interest and understanding for key groups of stakeholders.**

Each group of stakeholders will have their own language - different ways of communicating about the NBFP and finance solutions will catch the attention of different groups depending on their respective needs and priorities. This can be undertaken by communications experts as part of the NBFP development process. The more stakeholders that can be addressed through different messaging approaches, the larger the potential pool of partnerships and public and private actors invested in the long-term success of the NBFP.<sup>49</sup> For example, Multilateral Development Banks (MDBs) are more likely to find proposals that are presented as projects or business cases as more attractive funding opportunities.<sup>50</sup>

<sup>48</sup> Summary of 2nd Finance x Finance meeting 19/09/2023 (unpublished). <sup>49</sup> Summary of 1st Finance x Finance meeting 27/06/2023 (unpublished).  
<sup>50</sup> Summary of 2nd Finance x Finance meeting 19/09/2023 (unpublished).

**Recommendation 13: Develop a clear workplan for realising the implementation of the NBFP that is well-designed and ready to be put in place.**

The implementation of an NBFP is the most important step of the process, thus it is essential that the implementation plan is well thought out and has a clear strategy, defined roles and responsibilities for different actors, and a monitoring and evaluation plan for assessing progress.

**Recommendation 13a: Implementation of NBFPs should begin immediately.**

There are some finance solutions that will need to be implemented and scaled over longer periods of time. However, where solutions are already ready to be put into practice and where urgent action is essential, implementation should begin immediately and not wait for the NBFP process to be finalised.<sup>51</sup>



<sup>51</sup> Summary of 2nd Finance x Finance meeting 19/09/2023 (unpublished).



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*[page 1,2,36]* Polina Kocheva

### Executive Summary

*[page 3]* James Donaldson

*[page 4]* Stefan Kunze

*[page 5]* Polina Kocheva

### Preface

*[page 6]* Dario Bronnimann

### About the IDFB

*[page 7]* Franz Schafer

### Chapter 1 - Introduction

*[page 10, 9]* Source Unknown

*[page 13]* James Wainscoat

### Chapter 2 - Developing an NBFP - Guidelines and best practices

*[page 15, 9]* Skies Scopes

*[page 15]* Hongbin Eiwizke

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*[page 20, 9]* Ema Reynares



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