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LESSONS LEARNED FROM INTEGRATED LANDSCAPE FINANCE TO ADVANCE THE GLOBAL BIODIVERSITY FRAMEWORK

Review of experience and recommendations for National Biodiversity Strategies and Action Plans and National Biodiversity Finance Plans

BRIEF

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Lessons Learned from Integrated Landscape Finance to Advance the Global Biodiversity Framework

The post-2020 Global Biodiversity Framework (GBF) agreed upon under the Convention on Biological Diversity (CBD) includes ambitious targets requiring significant resource mobilization to achieve the biodiversity goals set. To achieve these goals, National Biodiversity Finance Plans (NBFP) based on National Biodiversity Strategy and Action Plans (NBSAPs) with national targets are under development by countries. The new GBF is also framed to require 'whole-of-society' and 'whole-of-government' approach, not only national government integration of biodiversity efforts.

This report aims to inform the transition to these more holistic plans by considering how the concepts, lessons, and tools of integrated landscape finance (ILF) can inform and strengthen NBSAPs and NBFPs to yield more effective, efficient, and equitable results for people and nature.

We define ILF as an approach to finance multi-project, multi-sector investment portfolios that encourage synergies between investments to generate impacts at scale across multiple landscape objectives (biodiversity, climate, livelihoods, water, and relevant economic sectors). This may include accessing new flows, aligning existing flows, and mitigating harmful financial flows.

ILF is based on a strategic planning process that engages a wide range of public, private and civil society stakeholders across sectors. The approach encourages spatial planning as well as local participatory planning. To advance a coordinated project pipeline development process, organisations driving these integrated landscape approaches create landscape action plans and translate those plans into private, public, or civic projects that together will support a landscape transformation strategy. Suitable finance and risk mitigation mechanisms are identified for specific projects or for a set of investments and projects. Finally, financial resources for these investments are secured.

The landscape approach in the CBD, NBSAPS, and NBFPs

There is a long history of support within the CBD for integrated, place-based approaches to biodiversity conservation, even if these can be difficult to design and implement. NBSAPs are developed in each country to create an action agenda to achieve global biodiversity goals agreed upon under the CBD. With the adoption of the GBF at CBD Conference of the Parties (COP) 15 in Montreal in 2022, countries are updating their NBSAPs to align with the new targets. NBFPs consist of a range of actions to increase biodiversity-positive investments, decrease harmful spending and improve the effectiveness of available financing. They are based on an analysis of the drivers of biodiversity loss and gain, a review of biodiversity expenditures and subsidies, and a Financial Needs Assessment, which is linked to the NBSAP if it provides sufficient detail. While there is an increasing trend towards pursuing finance solutions at sub-national level, landscape approaches have typically not guided these efforts. Yet, lessons from ILF may be relevant for biodiversity and biodiversity finance planning at various scales.

The practice of integrated landscape finance

Integrated landscape approaches are increasing around the world. There has been wide adoption of integrated landscape ideas into key policy frameworks including the United Nations Convention on Biological Diversity (CBD), United Nations Convention to Combat Desertification (UNCCD), United Nations Framework Convention on Climate Change (UNFCCC), and United Nations Food Systems Summit (UNFSS). However, there is still a lot of work to do to support and scale these efforts.

Landscape finance initiatives have a variety of entry points. For example, local landscape transformation efforts are responding to sustainable development challenges that require a coordinated strategy across land uses and value chains. Development and government institutions are promoting integrated sustainability strategies, such as low-carbon emissions development, green growth and territorial development. Additionally, actors in internationally traded commodity value chains are coordinating investments to protect their supply sheds. Further, natural resource users and managers are promoting coordinated investments to restore ecosystem services in the landscape.

The need for financial support service providers is common to the development of integrated landscape investment initiatives. These service providers may work with Landscape Partnerships (LPs), business developers, government agencies, or civil society organisations to develop investment opportunities that support the implementation of the agreed landscape plans. They may steer existing financing to activities aligned with the plan or aggregate investment opportunities.

San Martin Department in Peru demonstrates a mature use of ILF to address biodiversity within a broader development strategy. One of the highest biodiversity areas in the Peruvian Amazon, San Martin, is threatened by deforestation and degradation. The regional government developed a cross-cutting Regional Strategy for Low Emissions Rural Development to improve public services for the rural population; promote competitiveness of low-emission goods and services produced; and manage forests sustainably with measures to address climate change. Through a collaborative process, they developed a multi-sector investment plan, incubated numerous businesses and projects, developed ten financial mechanisms, and set up a platform to facilitate funding from diverse sources.

Mobilizing the needed resources for biodiversity-oriented finance to achieve NBSAPs goals requires the simultaneous application of project-specific finance and finance focused on other development and environmental outcomes that can 'mainstream' biodiversity targets. At the landscape-level, new integrated financial models are emerging that target multiple outcomes, such as biodiversity, by coordinating various streams of finance to align with landscape visions and action plans. These include landscape-specific funds, landscape funds that invest in multiple landscapes, place-based investor collaboratives and foundations, landscape development finance institutions, and landscape bonds.

Experience of integrated finance in three landscapes

The following three landscapes illustrate ways of financing landscape regeneration. The **Murchison-Semliki Landscape in Uganda,** part of the Albertine Rift, is a highly populated biodiversity hotspot. The Northern Albertine Rift Conservation Group provides a platform for aligned action among numerous NGOs, government agencies and others, and is supported by the national government through an inter-ministerial framework. The Group has coordinated efforts to attract financing and link diverse value chains work in the landscape.

The **Yucatán Peninsula in Mexico** is an ecologically unique, multi-state region experiencing serious threats from tropical and mangrove deforestation, coastal contamination, and erosion. Numerous multi-actor collaboratives across the region are working to address climate change; forest, biodiversity, and coastal ecosystem registration; ecotourism; and community sustainable development. While coordination mechanisms among these are currently weak, the different initiatives are well-positioned for greater coordination, including economic and social development initiatives for which a supportive NBSAP framework can be beneficial.

Cagayan de Oro Basin in the Philippines is a large, highly-populated river basin in northern Mindanao. Intensive agriculture and development have prompted land degradation, deforestation, and increased flooding during heavy rains and tropical storms. The Cagayan River Basin Management Council (CRBMC) was formed as a coordinating body for different stakeholders to strengthen resilience via integrated watershed management and biodiversity conservation. The CRBMC led a collaborative process of landscape assessment, strategy development, action and investment planning. Partners developed diverse landscape finance mechanisms, including various systems of payments for ecosystem services for local farmers and indigenous communities, from governments, NGOs and private companies.

Key institutions and policies support integrated landscape finance

While innovation is growing in ILF, the current financial system is not set up to encourage landscape-oriented finance. In expanding financing opportunities for biodiversity, national and sub-national governments need to consider ways to strengthen key institutions and policies. Spatially-explicit landscape action plans provide a critical foundation to build sets of coordinated investments. Landscape finance and risk management tools and mechanisms must be available. Finance institutions must be organized internally to facilitate landscape investment. Further, government policies and strategies must provide sufficient support for landscape investment.

Experience with ILF provides numerous lessons about how government policies and programs facilitate, or constrain, the mobilization of financial resources for biodiversity conservation jointly with other objectives. From those lessons we identified five strategic national and sub-national government roles: defining a supportive policy framework, developing financial mechanisms and services, providing public funding and incentives for landscape investments, regulating landscape investment and finance, and promoting landscape-friendly market development. The key to success includes choosing government roles and policy instruments strategically and clarifying the respective roles of national and sub-national governments. Governments also need to understand the opportunities for, and constraints to, landscape-friendly investment by the private sector. By taking a learning approach, governments can build on innovations already being implemented in landscapes and gradually forge connections among key actors.

Recommendations

The analyses above generated six recommendations that can help biodiversity leaders, especially in government, to strengthen national-level and local-level biodiversity planning and finance. Embedded within these recommendations are practical suggestions for those responsible for the process of revising the NBSAPs and NBFPs under the new GBF.

1. **Facilitate alignment of financial flows for biodiversity, climate, land restoration, and economic development through cross-sectoral and multi-stakeholder policy coordination**
   Departments and agencies at different government levels should align a common vision and planning framework. This framework should have multiple goals for multiple biodiversity, climate and other sustainable development goals at the national level, with clear objectives and targets, so that they do not work at cross purposes. This core element of landscape-scale planning can be applied particularly to the development of NBSAPs by aligning national and sub-national government policy and budgeting across sectors, while providing detailed information on proposed actions and results. One of the most effective ways to better link the NBSAPs and NBFP processes, which are often disconnected, is for NBSAPs to create indicative investment budgets that are linked to clear quantifiable actions and targets, as well as facilitate stakeholder engagement for those involved in the process so that NBFP developers can ask more detailed questions, when needed. Coordinating implementation of the Rio Conventions and major initiatives around food, climate, water and land offer opportunities to strengthen the development and implementation of both NBSAPs and NBFPs if they are able to incorporate biodiversity targets into these other related policy and budgeting processes and thereby improving efficiency and coherence of planning on all of these topics.

2. **Create spatially explicit, place-based plans that include biodiversity conservation in relation to other sustainable development goals**
   While biodiversity conservation requires strongly supportive policies at the national level, it is ultimately a place-specific land and habitat management enterprise that must be tailored to the needs of particular species and biological communities across fairly large areas. Therefore, national biodiversity policies should encourage the development of plans at the territorial or landscape scale. In the context of NBSAP development, a variety of tools have recently been developed, such as the UN Biodiversity Lab, or are being created that could help governments better align their mapping processes for a wide range of related activities. NBFPs can take advantage of emerging spatial finance and investment analysis tools.

3. **Promote finance models that support multiple projects with synergies for biodiversity and sustain action over a long-time horizon**
   Long-term impact on the conservation, restoration and sustainable use of biodiversity requires coherent landscape- and ecosystem-wide actions by multiple land users. This involves tailor-made investment strategies that target different land users across the landscape and across economic sectors, and coordination of financing efforts from a wide range of public, private and civic sources. Governments have tools to encourage shifts from project-by-project to multi-project place-based finance and also to mobilize grant funding to support integrated investment planning.

   To the extent that they encourage the development of sub-national and landscape-specific strategy and action plans, NBSAPs can call for the strengthening of finance capacities of landscape organisations and local governments; provide financial coordination and support services; and potentially assist in structuring inclusive, multi-sector and multi-project finance mechanisms. They can also call for reforming incentives, subsidies and regulations to reduce nature-degrading investments and support nature-positive land-use investments across landscapes. NBFPs can conduct analyses that build on their reviews of national-level biodiversity finance and inform the development of aligned landscape-scale finance solutions that fill the specific finance needs – across projects and time scales – that have been identified in priority landscapes and deliver the objectives defined nationally. Grant funding to support multi-stakeholder landscape planning and finance strategy development will be a critical component of these plans.

4. **Mobilize private investment within multi-sector, place-based development plans that benefit biodiversity**
   Many private sector businesses, investors and financial institutions are dependent on land and natural resources. Thus, in principle, there can be strong motivations for them to collaborate with other actors in their zones of operation or supply chains to meet sustainability challenges, including biodiversity

conservation. Such challenges may include reduced risks from climate change, water shortages, natural resource disasters, and community conflicts; co-financing of critical built and natural infrastructure; increased profits from new markets; meeting company sustainability commitments; reputational benefits; more cooperative relations with workers and supply chain actors; or alliances for policy advocacy.

Private sector actors – both large companies and Small and Medium Enterprises (SMEs) – are central to the achievement of most biodiversity goals, but they have typically been under-represented early in NBSAP processes. Efforts to engage these stakeholders should be prioritized. For NBFPs, private sector outreach is already an important element, but to the extent that these plans focus increasingly on sub-national and landscape level financial planning, the strategies of private sector engagement will need to become more localized with a greater focus on SMEs, cooperatives and other actors that are critical planning partners at a local level. NBFPs can also call for greater support from well-positioned investors interested in engaging in landscape finance opportunities.

5. **Strengthen landscape-level institutions for long-term, collaborative finance planning and implementation**
This report reinforces the centrality of landscape-level action for achieving national biodiversity policy goals. But the success of action at this scale, and financing for it, is very dependent on the national enabling policy environment and program design. Therefore, a core public sector function is to strengthen these efforts by investing in landscape coordination institutions, such as multi-stakeholder platforms and partnerships and cross-agency government planning mechanisms. Another key function is to build the capacities of these actors and institutions to support the development and implementation of ILF strategies.

6. **Develop technical guidance and capacity development resources for countries to better align NBSAPs and NBFPs with GBF whole-of-society strategy**
Implementing many of the recommendations above will require new and improved capacities, tools and processes for the NBSAPs and NBFPs, in order to align more directly with the post-2020 GBF's approach. We encourage the CBD, and its supporters, to improve and develop a set of user-friendly technical guidance resources for those responsible for updating and implementing the NBSAPs and NBFPs to support them, according to their own unique country context, in the implementation of these recommendations, such as building on the existing NBSAP forum. Some of these could be developed as pooled resources across the relevant Conventions. One focus would be information on tools available that can be adapted for various stages of NBSAP and NBFP processes. Another set of resources could focus on the implementation of Integrated Landscape Management (ILM) and ILF for landscapes that are targeted in the national strategies.