



Emerging analysis

# A fair share of biodiversity finance?

An update for COP16

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The next report in ODI's 'Fair Share of Biodiversity Finance' series will be published in early 2025. Here we share the preliminary findings ahead of the full report to inform discussions and deliberations at COP16 in October 2024 in Cali, Colombia. Please cite this work as:

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# Findings

**Table 1** Scorecard of progress towards each developed country's fair share of the \$20 billion per year target for biodiversity finance by 2025

Developed countries	Fair share of the \$20 billion target in 2022 (\$ billion)	Biodiversity finance provided in 2022 (\$ billion)	Progress towards providing fair share in 2022
Norway	0.21	0.38	176%
Sweden	0.34	0.50	147%
Germany	2.56	2.92	114%
France	1.85	1.80	97%
Switzerland	0.32	0.28	87%
Luxembourg	0.03	0.02	75%
Netherlands	0.55	0.40	72%
Belgium	0.38	0.26	69%
Australia	0.81	0.56	68%
Denmark	0.23	0.14	60%
Ireland	0.17	0.08	47%
Finland	0.18	0.08	46%
Austria	0.27	0.11	40%
United Kingdom	1.91	0.76	40%
Italy	1.50	0.50	34%
Canada	1.24	0.39	31%
New Zealand	0.14	0.04	30%
Spain	1.08	0.32	30%
Japan	3.30	0.94	28%
South Korea	0.90	0.22	24%
Slovenia	0.04	0.01	20%
Portugal	0.22	0.04	20%
Iceland	0.03	0.00	17%
Estonia	0.03	0.00	17%
Lithuania	0.05	0.01	15%
Hungary	0.20	0.03	14%
Czechia	0.26	0.04	14%

Developed countries	Fair share of the \$20 billion target in 2022 (\$ billion)	Biodiversity finance provided in 2022 (\$ billion)	Progress towards providing fair share in 2022
Greece	0.22	0.03	12%
Slovak Republic	0.15	0.02	11%
Poland	0.82	0.08	10%
Total – Developed country Parties to the Convention	20.00	10.95	55%
United States	12.72	1.79	14%
Total – Developed countries	32.72	12.75	39%

Note: Countries in green are providing their fair share of international biodiversity finance. Colours are thereafter in quartile increments: beige for those paying 75–100% of their fair share; yellow, paying 50–75% of their fair share; orange, paying 25–50% of their fair share; red, paying less than 25% of their fair share. Countries are ranked here according to their 2022 provision.

Note: Since the US is not Party to the Convention, contributions from the US would be on top of the \$20 billion committed by developed country Parties to the Convention. Hence, the US should be providing 39% of an expanded collective target. Other developed countries that are Parties to the Convention would be responsible for the remaining 61%, here set at \$20 billion as per the agreed Framework target.

Source: Authors' calculations based on Dworatzek et al. (2024); CFU (2024); OECD (2024); World Bank (2024a; 2024b); ADB (2023); AfDB (2023); EBRD (2023); GGGI (2023); IDB (2023); EU (2022); IBRD (2022); IDA (2022), IFC (2022); UNSCEB (2024)

# Methodology

As part of the Kunming-Montreal Global Biodiversity Framework to the Convention on Biological Diversity, developed country Parties to the Convention committed to increase international public biodiversity finance<sup>1</sup> to at least \$20 billion a year by 2025, and at least \$30 billion a year by 2030. We attribute responsibility for the 2025 target among developed countries based on three metrics: Gross National Income in 2022 (GNI), population in 2022 and cumulative ecological footprint since 1961. Our methodology is detailed in Pettinotti et al. (2024),<sup>2</sup> with the following changes for this paper:

- No manual validation of the dataset was undertaken. Due to time constraints and in order to release this update ahead of COP16, we were not able to evaluate individual projects to ensure the reported activities contribute to biodiversity. Hence there is some uncertainty as to how much of the observed increase between 2021 and 2022 is due to an actual increase, or simply due to the absence of manual validation. Note however that the OECD (2024a) reports an increase in contributions similar to the increase we observe in our estimates.
- Keywords used to capture project activities related to biodiversity were updated to match the ones used by the OECD in its latest report (OECD, 2024a).
- The analysis now includes two additional developed country Parties: Estonia and Iceland. Estonia officially joined the DAC in 2023, and reported development finance for the previous year (i.e. 2022) (OECD, 2024b). Iceland's ecological footprint of consumption for 1961–2022 is now available (Dworatzek et al., 2024). As a result, the share each developed country should pay has fallen, but only by a small amount given the relatively small economic and population size and historic contribution to biodiversity depletion of the two additional developed countries now included in our analysis.

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1 Hereafter 'biodiversity finance'.

2 Itself largely based on the OECD (2023) method for estimating biodiversity finance flows. See how the methodologies differ in Appendix 3 in Pettinotti et al. (2024).

# Analysis

In 2021, developed country Parties collectively provided \$8.39 billion in international public biodiversity finance or 42% of the target 19.a. In 2022, they increased international public biodiversity finance provision by nearly a third to \$10.95 billion or 55% of the target 19.a. Since 2022 is the year the commitment was made, in this sense it reflects the starting point for the target by 2025. If developed country Parties continue to increase their contributions at this rate (i.e. ~ 22% annual increase), they are on track to collectively fulfil their minimum commitment of \$20 billion by 2025. However, so far there has been no assurance from developed countries that they plan to increase or maintain 2022 levels of biodiversity finance, especially in light of recent budget cut announcements (Kappeli and Calleja, 2022; Brien and Loft, 2024; Chadwick, 2024; Green, 2024).

Most of the increase in international biodiversity finance in 2022 can be explained through the significant growth in multilateral flows (OECD, 2024).<sup>3</sup> Bilateral flows still account for half of biodiversity finance, but show a relative stagnation between 2021 and 2022.

Just three developed country Parties provided their fair share of biodiversity finance in 2022: Norway, Sweden and Germany. Their early achievement of this milestone should be recognised as it demonstrates solidarity and builds trust.

No other developed country Parties provided their fair share of biodiversity finance in 2022. There are still three reporting years until the minimum target of \$20 billion needs to be met, but increases in biodiversity finance contributions are uneven across developed country Parties, and close scrutiny should be paid to the laggards.

- Japan is the worst performer in absolute terms, falling short of its fair share by \$2.4 billion. Among countries with the largest fair shares, it is also the worst performer in relative terms. Japan will need to at least triple its biodiversity finance if it is to provide its fair share by 2025.
- The UK and Italy fall short of their fair share by around \$1 billion each, while Canada accounts for around \$850 million of the biodiversity finance gap and Spain for around \$760 million. These four countries made substantial progress in 2022 relative to 2021, on a percentage basis. If they maintain this rate of improvement, they will meet their fair share of the biodiversity finance target in 2024, one year ahead of time.
- Australia stands out among larger providers for the decline in its biodiversity finance provision, from \$0.59 billion in 2021 (74% of its fair share) to \$0.56 billion in 2022 (68% of its fair share).

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3 The share of multilateral biodiversity finance is not apparent in Table 1, as we attribute capital outflows back to developed country Parties to better assess progress towards their fair share.

One of the most valuable outcomes of COP16 would be if a coalition of developed countries were to launch a high-level initiative to lead a Biodiversity Finance Delivery Plan, similar to the Climate Finance Delivery Plan prepared by Canada and Germany in advance of COP26 (COP26 Presidency, 2021). The Biodiversity Finance Delivery Plan could document developed country Parties' individual commitments to 2025 and 2030, enabling all Parties to the Convention to assess collective progress and encourage greater ambition from those falling short of their fair share.

We have assessed the US separately as it is not a Party to the Convention and is therefore not accountable for the target.<sup>4</sup> We use our three metrics of GNI, population and ecological footprint to calculate how much additional biodiversity finance the US should provide if it assumed the same level of responsibility as other developed country Parties. Against this benchmark, we find that the US falls short by \$11 billion. While it doubled its contributions in 2022, it was starting from an extremely low base at just 7% of its fair share in 2021.

Our emerging analysis looks at the quantity of biodiversity finance provided, as reported by developed countries and multilateral institutions. As our manual validation demonstrated in 2021, there is a need to closely scrutinise their reporting at the project level to ensure that biodiversity is indeed a principal or significant objective. In particular, we would welcome greater attention to multilateral biodiversity finance flows, given that they account for most of the reported increase in 2022 (OECD, 2024a) and questions have previously been raised about their use of the Rio markers (Weikmans and Roberts, 2019; Farr et al., 2022; Neunnebel et al., 2023).

While our assessment looks only at the quantity of biodiversity finance provided, the quality of that finance deserves equal attention. Most notably, in 2022 France, Japan and multilateral development banks provided most of their biodiversity finance as concessional loans, rather than grants (OECD, 2024a).<sup>5</sup> This is against a backdrop of high and unsustainable debt burdens in many developing countries, particularly lower-income and more credit-constrained states. Between 2020 and 2023, 18 Emerging Market and Developing Countries defaulted on their sovereign debt, more than the previous two decades combined (World Bank, 2023). Greater predictability, flexibility and concessionality all enable developing countries to use scarce resources to greater effect (Brown et al., 2024; Chhetri Pandit et al., 2024; Guzman et al., 2024).

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4 It should be noted that the draft decision text for COP16 'urges developed country Parties, other developed countries ... to continue and intensify their effort to increase total biodiversity-related international financial resources'. The use of 'other developed countries' could be interpreted as a veiled reference to the US observer position to the Convention (CBD/COP/16/2/Rev.1).

5 Concessional loans (also called soft loans) are offered at lower interest rates, longer maturities or other advantages over market rates. 87% of finance for France was in the form of loans, 81% for Japan and 70% for multilateral providers (OECD, 2024a).

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