



Interface Dialogue Finance and Biodiversity Summary & Notes IDFB16: Locally-led financing (03-09-24)

The International Dialogue for Finance and Biodiversity (IDFB) was established in 2021 by the Government of The Netherlands in the run up to COP15 to bridge the gap between greening finance and financing green. From 2021 to 2022, the IDFB hosted 15 dialogue sessions to bring together perspectives from the public sector and private financial sector. More than 30 countries and 60 experts have engaged in the dialogue sessions, where lessons and best practices on resource mobilization and engaging the private sector were shared. Furthermore, the IDFB helped to get the alignment of all public and private financial flows in the text of the GBF and published [10 recommended actions to accelerate alignment](#).

After the establishment of the Kunming-Montreal Global Biodiversity Framework at COP15, this year is another big year for biodiversity. We are approaching the midway point for the Global Biodiversity Framework 2030 Targets and COP16 is fast approaching – the time for implementation has come. Private finance has a huge role to play, in addition to public finance, to implement the alignment of all financial flows and to finance the GBF targets.

Therefore, the torch of the IDFB has been reignited to again bring together experts on resource mobilization and engagement with the financial sector from all Parties to exchange experiences and lessons learned on the mobilization of the private sector for the targets of the GBF, and share knowledge linked to financing the implementation of the GBF. Over the summer, the IDFB did this by facilitating informal discussions through three Open Office Hours, where members of the IDFB network could meet each other and discuss topics and challenges on nature finance they are facing in the run up to COP16. From September to October 2024, the IDFB will host three Dialogue Sessions to create a space for discussion and learning amongst experts on resource mobilization on the topic of aligning all financial flows for nature, with a special focus on private finance.

Summary of IDFB16

The 16th Dialogue Session of the IDFB on **Locally Led Financing** was held on the 3rd of September 2024. The central theme was mobilizing financial resources for local initiatives, and the disbursement of locally led finance. Especially important in the implementation of the GBF is finding ways to ensure local involvement with decisions on finance for nature and implementation of actions to conserve, restore, and manage nature. Guest speakers from Kenya, WWF Colombia, and Finance for Gaia shared insights into different examples of locally led finance for nature, and how we can approach the structuring of finance for nature.

The dialogue session was moderated by IDFB chair Caroline Leenders (Government of The Netherlands) who kicked off the session with an introduction to the [IDFB paper on developing blended finance capacity for nature](#) where several key findings of this paper with relation to locally-led financing were discussed. Some relevant findings were that blended finance is the most impactful way to mobilize private investment, raise additional finance, whilst leveraging limited public funding. Another finding was that nature is context-specific, thus there is a need to explore more solutions and develop domestic markets for blended



finance to mobilize private finance for biodiversity. There is also a need to take a whole-of-society approach to include IPLCs and other stakeholders when designing governance structures of blended finance solutions.

Continuing, several speakers presented on locally led financing, all with a different scope and angle on the topic. Samantha Power (Finance for Gaia, and a former Sustainable Finance Consultant in the World Bank's Finance, Competitiveness, and Innovation Global Practice) presented her recently published book: [Bioregional Finance Facilities](#). In this book she draws a line between local and global financing approaches. She stressed that local governance structures, ways of working, and business/finance approaches need to be integrated into the design of national financing mechanisms to ensure that they are feasible, realistic and well-suited for the context that they are deployed within. She shared an example of how this can be achieved through the creation of Bioregional Finance Facilities (BFFs).

Speaker Aaron Vermeulen, who is the global practice lead finance for WWF international, presented on WWF's green finance strategy and work. He presented how a nature-positive economy can unlock USD 10 trillion of business opportunities by transforming the three economic systems that are responsible for almost 80% of nature loss: food, infrastructure and energy. He stressed that a lot of private companies have an (negative) impact on nature, but vice versa nature has a financial impact on these companies, resulting in the urge for them to invest in biodiversity. He then presented a newly launched WWF strategy 'Finance Practice Strategy' that includes private finance and focusses more on the national and landscape level to create an effective and inclusive conservation strategy. This framework takes the regional conservation work as a starting point.

Building on the presentation of Aaron Vermeulen, speaker Sandra Valenzuela, CEO of WWF Colombia, dived into the Herencia Colombia Project Finance for Permanence project, which helps to mobilize private capital and drive innovation and impact towards nature and landscapes. This result-based project aims increase the protection of natural and cultural capital, improve the effective management and strengthen the governance and connectivity in landscapes. She then continued on presenting several blended financial solutions that included non-return financial sources, domestic revenue streams and markets returns generating solutions (such as Jaguar Bond) and impact investments (such as HECO INVEST).

The presentation of Ramson Karmushu, founder of My Indigenous Knowledge In Action (MIKIA), member of the International Indigenous Forum on Biodiversity (IIFB), and recently nominee by the Secretariat of the CBD as a member of the Advisory Committee on Resource Mobilization (ACRM), reflected on the [Reversing the Flow Program](#) in Kenya. This local program aims to support communities and local people to strengthen water security, centering locally led approaches to water management and landscape restoration. Ramson Karmushu firstly expressed that programs like these require a great amount of trust, between the involved parties. He further raised the issue of the need to ensure adequate consideration of ILPCs' needs and involvement be embedded in the development of the emerging phenomenon of biocredits. Biocredits can be supplied by conservation organisations, landowners or environmental NGOs (among others) that monitor and manage biodiversity. Currently, he is at times witnessing a 'wild west' in the realm of biocredits with 'cowboy' biocredit developers, without adequate safeguarding of the needs of biodiversity

and the local ecosystem, or the needs of local communities. Speaking from an ILPC perspective he also called for more transparency from partners on biocredits and how they will actually implement measures for nature conservation.

Key Takeaways

1. Transformation of the finance system

Samantha Power stressed that to achieve the targets of the IDFB, just “closing the *nature finance gap*” will not be sufficient. Where such resources are spent, how financing is structured, and who gets to make the decisions is as important as the amount of capital available. She continued that how financial resources support the transformation of systems, relationships, and worldviews will determine whether we as society will be successful in addressing the ecological crisis and polycrisis. Bioregional Finance Facilities are an example how this can be organized and can in her view play an important role to enable flows of resources from centralized pools of capital to grassroots, regenerative projects and initiatives in alignment with living systems principles and Indigenous wisdom. Another suggestion was to move towards the concept of stewardship credits, rather than biocredits.

2. Centering IPLC’s in financial mechanisms.

The importance and challenge of centering IPLCs in the design and implementation of finance mechanisms and vehicles for nature are an important topic for discussion during the upcoming COP16. As stressed by Ramson Karmushu, taking care to develop solutions with input from IPLCs will be essential for designing solutions that are suited to the needs and challenges faced by these communities and peoples, and for mobilizing adequate finance for biodiversity. The following discussions indicated that integrating IPLC perspectives in the design of, for example, biocredits will have a great influence on how successful these solutions will be in terms of biodiversity impact, and how accepted and scalable they become. The [International Advisory Panel on Biodiversity Credits](#) and the [Biodiversity Credit Alliance](#) are in the progress of developing guidance on this.

3. Landscape finance as a way to invest in nature on a local scale – learning from best practices

During IDFB16, Parties expressed interest and desire for knowledge sharing and collaboration on practical examples and information on best practices for developing and implementing locally led finance mechanisms for nature. The practical example of HECO in Colombia provided an interesting project of a solution adapted to the local level that has taken into account the importance of engaging IPLCs. Through this initiative they promote impact investment to protect Colombia’s natural and social capital and promote positive change in highly climate-vulnerable territories through: an inclusive economy, value chains, financing mechanism and a knowledge hub which reports measurement and traceability.

Innovative solutions such as the Jaguar Bond, a performance-based bond developed in collaboration with IDB and GEF, aiming to attract over USD 200 million, are interesting examples to learn from. Sharing more such examples amongst the IDFB



community would be a helpful way of facilitating learning and understanding, as well as developing new (or adapting existing) solutions in different local and regional contexts. Parties present at the Session expressed a keen interest in organizing discussions on sharing of which finance mechanisms for nature have worked, and where. The IDFB will follow up with interested Parties on this topic to help facilitate further conversations on best practices for financing nature. Furthermore, IDFB will curate and share best practices through its website.

Participants of IDFB16

Corentin Genin (Belgium)	Aaron Vermeulen (WWF Netherlands)
Seline Bregman (Belgium)	Sandra Valenzuela (WWF Colombia)
Yanika Farrugia (Malta)	Sandra Maritza Chamorro Ruiz (WWF Colombia)
Ramson Karmushu (Kenya)	Andrea Victoria Prada Hernandez (WWF Colombia)
Gambin Marie Therese (Malta)	Nicola Sorsby (IISD)
Laura Feged Rivera (Colombia)	Samantha Power (Finance for Gaia)
Aurelie Godefroy (European Commission)	Prudence Galega (IPBES)
Sanne Kruid (Netherlands)	Isabela Nunez del Prado Nieto (IIED)
Alice Grémillet (France)	Marika Klodiana (UNCCD)
Sandra Cats (Netherlands)	Thierry Dudermel (INTPA)
Nicholas Bruschi (UK)	
Representative of MINEC (Venezuela)	
	Caroline van Leenders (The Netherlands)
	Eli Morrell (Nature^Squared/IDFB secretariat)
	Yso van der Meer (Nature^Squared/IDFB secretariat)