United Nations
Framework Convention on Climate Change

Convention on Biological Diversity

United Nations
Convention to Combat Desertification

Rio Conventions Joint Capacity-building Programme

Accessing and Mobilizing Finance for Synergistic Projects

INFOBRIEF 3

Disclaimer

This infobrief is intended solely to provide readers with foundational information on the topic discussed. It is not an exhaustive knowledge source, nor does it claim to represent the latest or comprehensive scientific discoveries, findings, or perspectives in the field. The contents serve as a general reference and are not intended to establish the authors or the publishers as the sole authority on these subjects. Readers are encouraged to consult additional sources and experts for more detailed and up-to-date insights.

Table of Contents

1. Why is this topic important for synergies between Rio Conventions?

As the objectives of these three conventions are interlinked, enhancing synergies among these conventions can lead to more efficient use of resources. By 2050, the world will need approximately USD 8.4 trillion to meet its climate, biodiversity, and land degradation targets. This means approximately USD 536 billion annually needs to be invested, four times the amount invested today.[i]

With such financing gaps, promoting synergistic projects is crucial for two reasons. First, synergistic projects can be an ideal strategy to ensure value for money. Financial resources are often limited at the national and international levels and must be used judiciously. Resources can be optimized by financing synergistic projects that address all three Rio conventions simultaneously, leading to holistic outcomes. Second, holistic outcomes often lead to long-term viable solutions, which are attractive for private-sector financing. For instance, the Iberostar hotel chain is currently investing in restoring reef ecosystems, seagrasses, mangroves, and sand dunes across its 12 resorts in the Dominican Republic, Mexico, and Jamaica.[ii] Through this initiative, the Iberostar hotel chain benefits our planet and ensures its business viability. For a long time, policy-makers have tried to bring the private sector to implement the Rio Conventions, and synergistic projects can be a perfect entry point.

2. Entry Points for Synergies: What are the key opportunities to seize and build synergies?

2.1 Global development financing and priorities

At the global level, mobilizing financing for synergistic projects can help achieve different sustainable development outcomes. The Convention on Biological Diversity (CBD), the United Nations Framework Convention on Climate Change (UNFCCC), and the United Nations Convention to Combat Desertification (UNCCD) are all contributing to achieve multiple Sustainable Development Goals (SDGs). For instance, the Land Degradation Neutrality (LDN) goal corresponds to SDG Target 15.3. Despite global progress in SDG implementation, much more effort and financing are required to achieve the Sustainable Development Goals (SDGs). Halfway to the deadline for the 2030 Agenda, a mere 15 percent of SDG targets are on track.[iii]

Focusing on synergistic projects can be a way forward to fulfill SDG priorities, especially for developing countries lacking access to required financing. For instance, a well-planned reforestation project in a watershed region can potentially contribute to biodiversity conservation (CBD), carbon sequestration (UNFCCC), land restoration (UNCCD), hunger reduction, and water sustainability (SDGs 2, 6, 13, 15, etc). From Rio Marker's historical overview of ODA targeting desertification (Figure 1), biodiversity (Figure 2), and the environment (Figure 3), it is clear that ODA for Biodiversity and Environment has actually declined after the COVID-19 pandemic (Rio Marker is introduced to identify activities targeting the implementation of the Rio conventions. The marker forms part of the overall OECD statistical system that monitors official development finance). This trend is alarming, considering the different types of biodiversity and environmental challenges the world constantly faces.

From Rio Marker's historical overview of ODA targeting desertification (Figure 1), biodiversity (Figure 2), and the environment (Figure 3), it is clear that ODA for Biodiversity and Environment has actually declined after the COVID-19 pandemic. This trend is alarming, considering the different types of biodiversity and environmental challenges the world constantly faces.

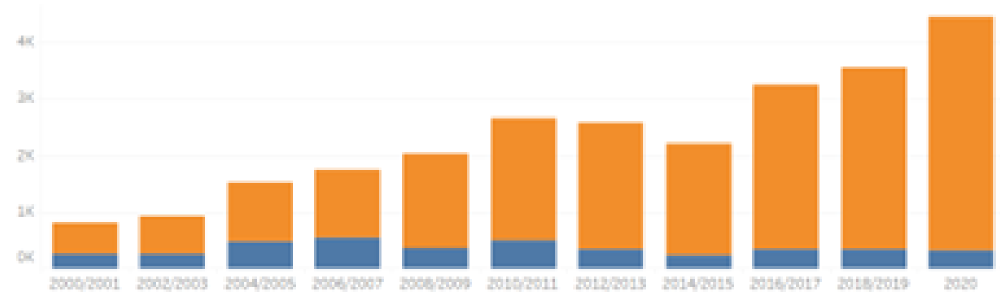

Figure 1: Desertification-Related ODA [iv]

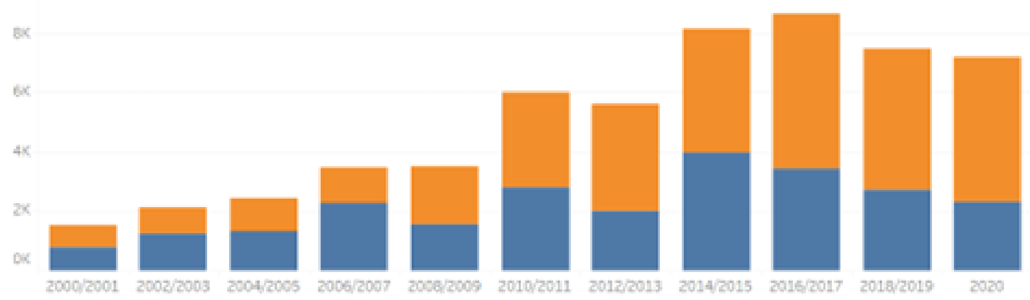

Figure 2: Biodiversity-Related ODA [v]

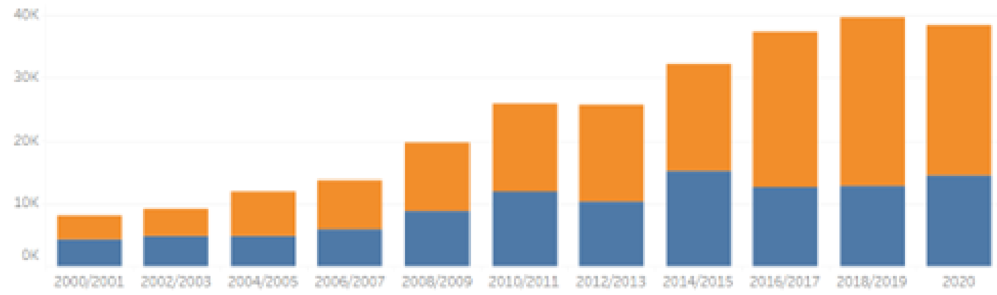

Figure 3: Environment Related ODA [vi]

The declining trend in ODA necessitates exploring alternative global-level funding sources. Synergistic projects can serve as a potential entry point. Synergistic projects align with diverse objectives, and can attract a wider range of development partners (World Bank, UN, ADB, USAID, FCDO, GIZ, among others), each with its own focus areas. In properly planned synergistic projects, philanthropic institutions (such as Bezos Earth Fund, Rainforest Trust, Wyss Foundation, Rob and Melani Walton Foundation etc.) can also provide funding as these projects can contribute to many social and environmental aspects.

2.2 Global funds relevant for synergies

As the urgency to address the impacts of climate change, biodiversity, and land degradation issues grows, the need for collective action becomes more evident. Key multilateral climate funds have already recognized the importance of enhancing complementarity and collaboration [vii]. In the recently concluded COP28 of Dubai, the four funds (GCF, GEF, AF, CIFs) held a side event [viii] and released a joint statement declaring their intention to explore opportunities for synergies at the programming level.[ix]

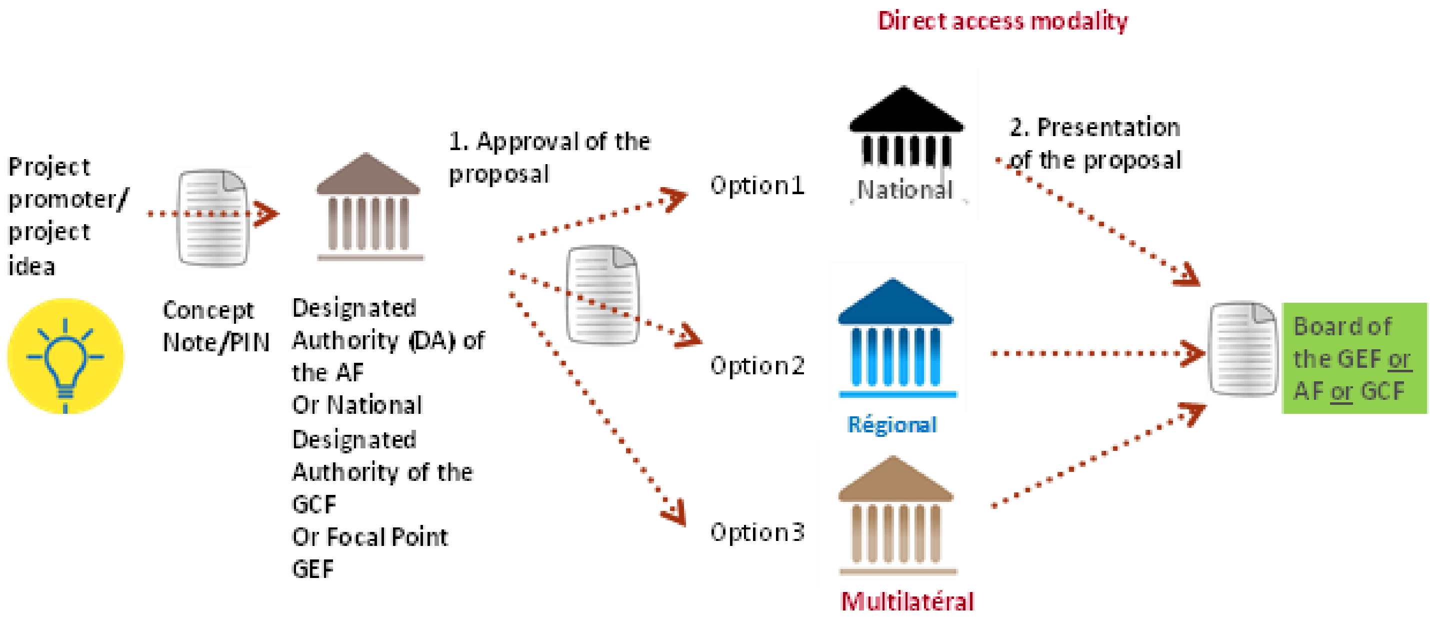

Figure 4: Simplified access modalities for global funds (GEF, AF, GCF)

Global financial mechanisms can support projects that contribute to the objectives of all three conventions. Among the leading global funds, GEF has several funding windows, including the country STAR allocation aligned with Rio convention topics, the Special Climate Change Fund (SCCF), the Least Developed Countries Fund (LDCF), and the most recent Global Biodiversity Framework Fund (GBFF). Other global funds are also making progress. For instance, in 2023, GCF approved the "Building climate resilience in the landscapes of Kigoma region, Tanzania" project, focusing on integrated land-use planning and technologies to reduce land degradation. Recently, GCF also approved the "Resilient Puna: Ecosystem-based Adaptation for Sustainable High Andean Communities and Ecosystems in Peru" project, aimed at improving the management of peatlands, wetlands, and grasslands in the Southern High Andes. Despite this progress, more work must be done to realize the potential of synergistic projects.

In the short run, other Global funds can prioritize Nature-Based Solutions (NbS) and ecosystem-based adaptation (EBA) project(s), which integrate climate action, biodiversity conservation, land degradation neutrality, and ecosystem services into program strategy. For instance, NbS projects that protect forests also benefit biodiversity and are crucial for a stable climate, food, and water. Prioritizing these projects can be cost-effective for generating social, economic, and cultural co-benefits. Table 1 provides the entry points for synergies for these funds.

Global funds	Entry Points for Synergies
Global Environment Facility (GEF)	STAR allocation, Least Developed Countries Fund (LDCF), Special Climate Change Fund (SCCF), and The Global Biodiversity Framework Fund (GBFF)
Green Climate Fund (GCF)	REDD+ Pilot programme, NbS, EbA projects
Climate Investment Funds (CIF)	Forest Investment Program, Nature, People, and Climate program, The Scaling Up Renewable Energy in Low-Income Countries program
Adaptation Fund (AF)	EbA, Climate Smart Agriculture (CSA), Disaster Risk Reduction (DRR), Disaster risk management (DRM) and NBS

Table 1: Entry Points for Synergies for Different Global Funds

2.3 National and Local Financing Mechanisms for Synergistic Projects

Meeting future targets for climate, biodiversity, and land degradation requires a fourfold increase in annual investments from the public and private sectors in the next 30 years [x]. It's not possible to achieve such an increase by relying on global funding mechanisms alone. Dependence on external funding can lead to sustainability issues among developing countries, and it is crucial to explore a diversity of domestic options:

- One such example is the Bangladesh Climate Change Trust Fund, where the Government of Bangladesh uses its own funding to implement afforestation projects. Other similar initiatives include FAPBM (Madagascar), BIOFUND (Mozambique), and Biodiversity and Climate Fund (Papua New Guinea). Through these nationally-led funding mechanisms, different countries are already using their national and local funding mechanism to promote synergistic projects. Another mechanism is earmarking of fees, taxes, and royalties on the extractive industry and the tourism sector ..
- Many countries also use green bonds to address climate change, desertification, and biodiversity loss-related issues. For instance, the Government of India selected nine eligible sectors that could be financed using sovereign green bond proceeds. These sectors include renewable energy, energy efficiency, clean transportation, climate change adaptation, sustainable water and waste management, pollution prevention and control, sustainable management of living natural resources and land use, green buildings, and terrestrial and aquatic biodiversity conservation [xi].
- For countries having debt sustainability issues, offering Debt-for-nature swaps can be an ideal financing strategy (Case Study 1).

It can be challenging for many developing countries to develop synergistic projects initially. Therefore, different development partners can play a crucial role in project development and institutional capacity enhancement.

Case Study 1: Belize Partial Debt-for-Nature Swap

As of mid-2021, Belize had $553 million in debt in a single Eurobond called the "Superbond," trading at a deep discount due to concerns about Belize's ability to pay. The Belize government asked The Nature Conservancy (TNC) to develop a debt-for-nature swap. TNC partnered with Credit Suisse AG and the U.S. International Development Finance Corporation (DFC) to create a refinancing mechanism.

In the first phase, TNC formed the Belize Blue Investment Company (BBIC), and Credit Suisse issued Blue Bonds worth USD 364 million. Supported by DFC's credit-enhanced insurance, the bond received an Aa2 rating from Moody's and was sold to international investors. In the second phase, BBIC provided a Blue Loan to Belize, allowing the country to repurchase 100% of its "Superbond" at a 45% discount. This reduced the principal by USD 189 million and total debt service by USD 200 million over 20 years.

In exchange, Belize committed to long-term marine conservation funding, paying an average of USD 4.2 million annually to a Conservation Fund. Belize also agreed to increase Biodiversity Protection Zones from 15.9% to 30% of its ocean area by 2026, with penalties for delays in achieving these milestones. [xii]

Case Study 2: Synergies in Practice

Rwanda has taken a synergistic approach to implement the three Rio Conventions. Since 2006, the Rwanda Environment Management Authority has assessed the connections between climate change adaptation, biodiversity protection, and desertification prevention. To mobilize sufficient financial resources to implement its biodiversity and climate actions, the Government of Rwanda established an autonomous institution—the National Fund for Environment: Rwanda Green Fund (FONERWA). Its main objectives include sustainably mobilizing and managing funds and resources to finance activities to protect and preserve environmental and natural resources and financing climate mitigation and adaptation initiatives. Till now, FONERWA has mobilized approximately USD 89 million from different national and international sources, including FCDO, KfW, the Government of Rwanda, the Least Developed Countries Fund, and the African Development Bank. Managed under one structure, this integrated financing mechanism ensures a coherent resource mobilization strategy for climate and biodiversity portfolios. It also promotes projects that align with climate and biodiversity objectives to maximize resource efficiency and promote synergistic implementation.[xiii]

2.4 Private Finance for Synergistic Projects

With a well-planned synergistic project, it is possible to attract private sector investment to implement three Rio Conventions. For instance, the Iberostar hotel chain is investing in restoring reef ecosystems, seagrasses, mangroves, and sand dunes across 12 resorts in the Dominican Republic, Mexico, and Jamaica. Currently, the restoration program is financed through Iberostar's corporate sustainability budget. However, its long-term goal is to incorporate restoration costs in each resort's budget and profit-and-loss statements (Figure 4). Iberostar has partnered with local governments, academia, other hotel operators, and development agencies to scale its piloting work.[xiv] Such participation from the private sector is crucial for mobilizing the necessary resources for implementing the three Rio Conventions.

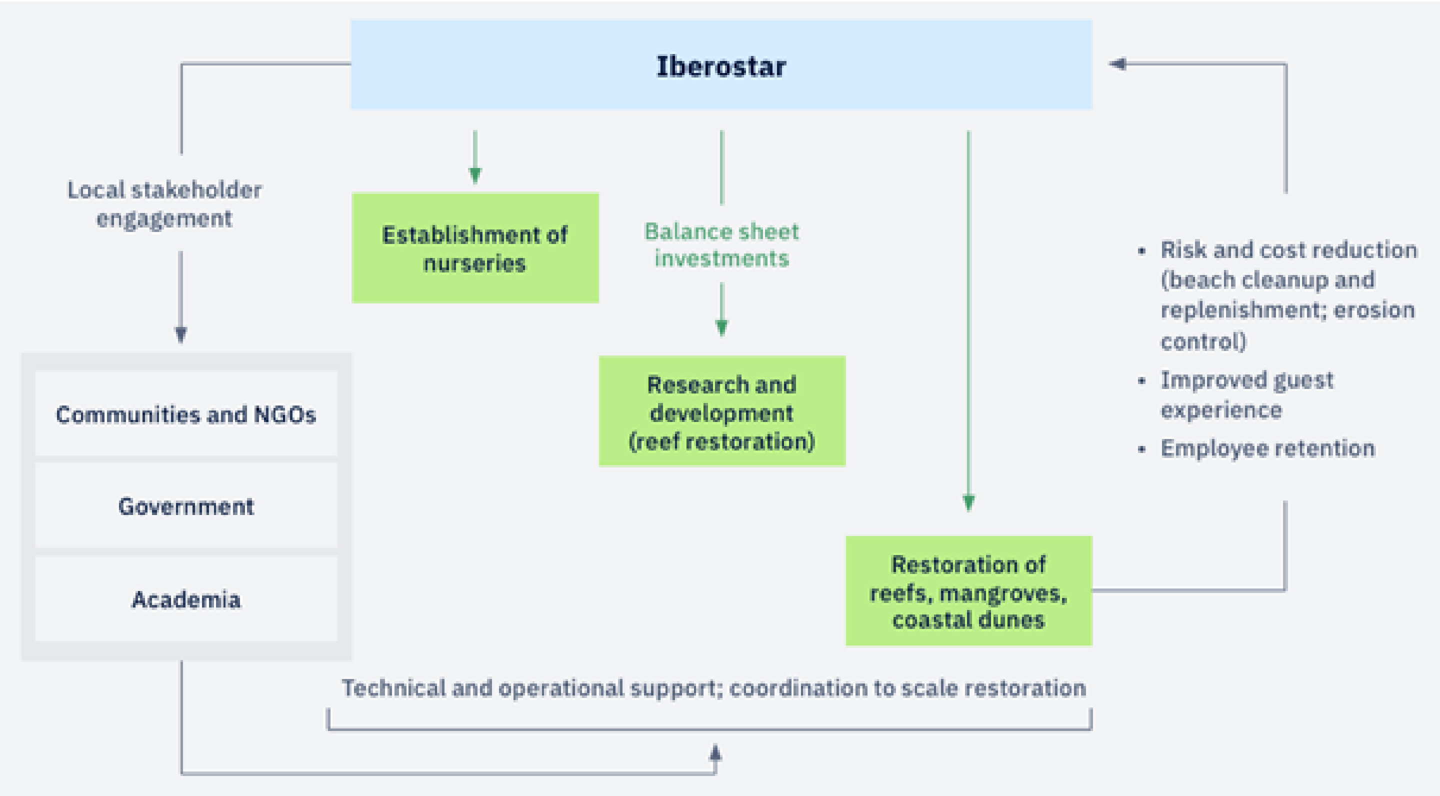

Figure 5: Overview of Iberostar's coastal restoration program

Synergistic projects can be a perfect entry point for the private sector as they allow the private sector to showcase their contribution in multiple priority areas like employment generation, climate change, desertification, and biodiversity loss. There is a need to develop mechanisms to attract private sector investment in synergistic projects. With proper regulatory support and enabling conditions, the private sector can facilitate the implementation of synergistic projects. For instance, the EU's Green Taxonomy outlines what constitutes environmentally sustainable business activities across diverse sectors. This taxonomy facilitates the shift towards a low-carbon economy, supports biodiversity protection, and incorporates strategies to address land degradation and desertification.

The EU's Green taxonomy offers a clear guideline for private companies to secure ESG tagging, which can incentivize them to finance synergistic projects as these projects can address multiple environmental aspects simultaneously. Furthermore, the Taxonomy paves the way for access to green financial tools such as green bonds or loans with favorable conditions. This can enhance the financial appeal of synergistic projects for the private sector. It is also essential to support and possibly improve other existing mechanisms that can facilitate private investment in synergistic projects. For instance, through the proper development of carbon credit and biodiversity offset, it is possible to incentivize the private sector's activities towards climate change mitigation, biodiversity conservation, and land degradation neutrality.

For a long time, donors and global funds have mainly relied on the public sector to implement the three Rio Conventions. There is a growing recognition of the need to change this approach. GCF's focus on its private sector facility demonstrates this change of perspective. Other development partners need to truly consider the private sector as partners for synergistic projects rather than implementers of specific tasks within donor-funded projects.

It is essential to scale up the model of the Iberostar hotel chain among other private companies. For many small entrepreneurs, replicating this model can be challenging despite the urgency to protect their environment. For these entrepreneurs, it is essential to arrange Incubator/Accelerator programme. One such program is the 2023 Pacific Greenpreneurs Incubator Program launched in Papua New Guinea. This program is managed by the Global Green Growth Institute (GGGI) and funded by the Qatar Fund for Development (QFFD). In 2023, the program selected 20 enterprises for their dedication to environmental sustainability.[xv]

Understanding private entrepreneurs' investment appraisal and financing process is essential for bringing private finance into synergistic projects. Private entrepreneurs always focus on bankable projects, and to make bankable synergistic projects, it is essential to provide some support, at least in the initial stage. This support could be provided through different ways, including grants, guarantees, insurance, tax breaks, and other incentives. There is also a need to create a favorable fiscal environment, improve the investment and credit environment, establish clear regulations and policies, and enhance institutional capacities.

3. Recommendations for policy-makers and practitioners

Recommendations for the Global funds, Development Finance Institutions, and related project developers

Global funds, Development Finance Institutions, and related project developers need to bring synergy to the project/programme development level.

- Exploring opportunities for synergies on the project/program level is essential. This synergy can be done both bilaterally and also across different funds. Clear project/program-level guidelines and capacity-building initiatives can help planners develop synergistic projects, especially in developing countries.
- It the short term, prioritizing topics related to (not limited to) nature-based solutions, LDN and ecosystem-based adaptation (EBA) project(s) can ensure synergies across the three Rio Conventions.

Recommendations for national funding mechanisms managers

Developing countries should diversify financing sources, like earmarking tariffs on extractive industries and using green bonds, to fund priority synergistic projects.

- Establishing a National Integrated Fund can facilitate synergistic project implementation (e.g. FONERWA. Rwanda)
- It's possible to use existing national institutions to access a diverse range of funding, for example through national accredited entities of the GCF and/or national implementing entities of the Adaptation Fund(e.g. South African National Biodiversity Institute trying to access GCF funding)
- Earmarking of fees, taxes, and royalties on the extractive industry and issuing green bonds can diversify funding sources.

Recommendations for national public policy-makers

National policy-makers from developed and developing countries need to take leadership in introducing synergies in the national planning process. With appropriate regulation and an enabling environment, the private sector can play a crucial role in implementing synergistic projects.

- Taking a synergistic approach at the policy level is crucial to ensure financing at the later phases (E.g., Rwanda)
- It is essential to incentivize the private sector to invest in synergistic projects. Promoting private investment in synergistic projects is possible with carefully targeted grants, guarantees, insurance, tax breaks, and other incentives.

Contact Us

UNFCCC – Alejandro Kilpatrick: akilpatrick@unfccc.int

CBD – Erie Tamale: erie.tamale@un.org

UNCCD – Marcos Montoiro: mmontoiro@unccd.int

Rio Impact – Ludwig Liagre: ludwig.liagre@rioimpact.lu

References

[i] United Nations Environment Programme (2021). State of Finance for Nature 2021. Nairobi.

[ii] World Bank. 2024. Blueprints for Private Investment in Ecosystem Restoration: Lessons from Case Studies. Washington, DC: World Bank.

[iii] United Nations. (2023). UN Climate SDG Synergies Report. https://sdgs.un.org/sites/default/files/2023-09/UN%20Climate%20SDG%20Synergies%20Report-091223B_1.pdf

[iv] https://public.tableau.com/views/EnvironmentalAid2020/Riomarkers?:language=en-US&:display_count=n&:origin=viz_share_link&:showVizHome=no#1

[v] https://public.tableau.com/views/EnvironmentalAid2020/Riomarkers?:language=en-US&:display_count=n&:origin=viz_share_link&:showVizHome=no#1

[vi] https://public.tableau.com/views/EnvironmentalAid2020/Riomarkers?:language=en-US&:display_count=n&:origin=viz_share_link&:showVizHome=no#1

[vii] Green Climate Fund. (2021). The multilateral climate funds are working together to enhance complementarity and collaboration. Statement. Retrieved from https://www.greenclimate.fund/statement/multilateral-climate-funds-are-working-together-enhance-complementarity-and-collaboration

[viii] Green Climate Fund. (2023). Climate Funds unite to enhance access to climate finance and increase impact. News update. Retrieved from https://www.greenclimate.fund/news/climate-funds-unite-enhance-access-climate-finance-and-increase-impact

[ix] Climate Investment Funds. (2021). A Joint Statement by the Secretariats of the AF, CIF, GEF, GCF on Enhanced Complementarity and Collaboration. Retrieved from https://www.cif.org/news/joint-statement-secretariats-af-cif-gef-gcf-enhanced-complementarity-and-collaboration

[x] United Nations Environment Programme (2021). State of Finance for Nature 2021. Nairobi.

[xi] United Nations Environment Programme (2021). State of Finance for Nature 2021. Nairobi. World Bank. (2023). India Sovereign Green Bond: Financing Climate Action and Resilient Growth. Retrieved from https://thedocs.worldbank.org/en/doc/c68d5c90796897b1628c25fea3590a5b-0340012023/original/Case-Study-India-Green-Bond-TA.pdf

[xii] https://www.nature.org/content/dam/tnc/nature/en/documents/TNC-Belize-Debt-Conversion-Case-Study.pdf

[xiii] United Nations Framework Convention on Climate Change. (2022). Synergies between the process to formulate and implement national adaptation plans and the process to prepare national biodiversity strategies and action plans. Retrieved from

https://unfccc.int/sites/default/files/resource/UNFCCC-NWP_synergies_NAP-NBSAP_technical-brief.pdf

[xiv] World Bank. 2024. Blueprints for Private Investment in Ecosystem Restoration: Lessons from Case Studies. Washington, DC: World Bank.

[xv] Global Green Growth Institute. (2023). Pacific Greenpreneurs Incubator program 2023 Incubator Launched in Papua New Guinea. Retrieved from https://gggi.org/pacific-greenpreneurs-incubator-program-2023-incubator-launched-in-papua-new-guinea/

Rio Conventions Joint Capacity-building Programme

United Nations Climate Change

Convention on Biological Diversity

United Nations Convention to Combat Desertification

With the support of RIO impact