

# Guidance for countries to define linkages between Integrated National Financing Frameworks (INFFs) and National Biodiversity Finance Plans (BFPs)

April, 2024





Since 2014, over 40 countries designed national Biodiversity Finance Plans (BFPs) and in recent years more than 85 countries embarked on developing Integrated National Financing Frameworks (INFFs). Both processes are significantly being scaled up. UNDP's vision is that financing for sustainable development should accelerate progress toward the 2030 Agenda, Paris Agreement and the Global Biodiversity Framework in an integrated manner.

This brief note aims to examine how INFFs and BFPs can best be integrated at national level to guide Country Offices and national stakeholders. This first version is intended to collect ideas and kick off the discussion, resulting in a more detailed guidance note in the future.

## Context: BIOFIN and Biodiversity Finance Plans (BFPs)

BIOFIN was initiated ten years ago at CBD COP 11, by UNDP and the European Commission, in response to the urgent global need to divert more finance from all possible sources towards global and national biodiversity goals. BIOFIN supports countries to develop evidence-based Biodiversity Finance Plans (BFP), enabling national stakeholders to increase resources and reduce needs by greening sectoral budgets, and identifying areas where available resources can be used more effectively. It also supports countries to implement these plans through prioritised finance solutions. Forty-one countries joined to date. The CBD Global Biodiversity Framework includes both the design and implementation of national Biodiversity Finance Plans by 2030 in Target 19 on Resource Mobilisation. A new global sister programme is currently being launched to enable GEF-eligible countries to design their National Biodiversity Finance plan in 91 additional countries, bringing the total number of countries to 132.

The Biodiversity Finance Plan is the guiding document for a country to implement the most optimal finance solutions to reach national biodiversity targets. It is a national document engaging the public sector, private sector, and civil society with a lead role for Finance Ministries. It goes beyond the mobilization of additional resources to address all four finance results: generate revenues, realign expenditures, deliver better, and avoid future expenditures. Countries develop their Biodiversity Finance Plans through a participatory process, consulting the BIOFIN Catalogue of Biodiversity Finance Solutions for options and including emerging ideas from earlier steps in the process. The [BIOFIN Catalogue of Biodiversity Finance Solutions](#), based on a global mapping of existing financing solutions, demonstrates over 160 individual options countries could pursue, and is used as a central tool in the BIOFIN process (to identify, design and implement finance solutions).

## Context: Integrated national financing frameworks

Integrated national financing frameworks (INFFs) were introduced by member states in the 2015 Addis Ababa Action Agenda. INFFs help countries finance their national sustainable development objectives and the SDGs. Through INFFs, countries develop a strategy to mobilise and align financing with

all dimensions of sustainability, broaden participation in the design, delivery and monitoring of financing policies, and manage risk. INFFs are voluntary and country-led. They are embedded within plans and financing structures, enabling gradual improvements and driving innovation in



policies, tools and instruments across domestic, international, public and private finance.

INFFs are country-led processes typically guided by the Ministries of Finance and Planning. UNDP leads technical support to the governments developing INFFs at the country level. There are more than 85 countries at some stage in the process of exploring, developing or implementing the

INFF approach, typically in connection with a medium-term national development plan.<sup>1</sup> Four countries – Nigeria, Maldives, Mongolia and Lao PDR – have launched their financing strategy and more than 30 others are developing theirs in 2023. Within these financing strategies governments have prioritised more than 250 reforms to policies, instruments and institutions, designed to mobilise and align both public and private capital with the SDGs.

## Why integrate INFFs and BIOFIN?

Integrating the stakeholders, outputs and recommendations of the BIOFIN process into the INFF process may offer opportunities to **elevate biodiversity finance solutions within central planning and financing processes.**

- Incorporating BIOFIN analysis and recommendations can **better integrate nature into the INFF**, including addressing financing with a nature negative impact.
- Integrating the two processes may **reduce duplication and streamline coordination, delivery and reporting** on financing reforms and outcomes.

## Steps in the BIOFIN Process

1. The **Biodiversity Finance Policy and Institutional Review** is an inventory of existing financing mechanisms, subsidies, policies and stakeholders. The PIR analyses the relationship between the state of nature and a country's fiscal, economic, legal, policy, and institutional framework to identify: i) An improved understanding of how the management of biodiversity and ecosystem services supports national sustainable development goals and visions; ii) A comprehension of key policy and institutional drivers of biodiversity change; iii) A first-time catalogue of existing biodiversity finance mechanisms, incentives, subsidies and other instruments, including sources of biodiversity revenues change.
2. The **Biodiversity Expenditure Review** is a calculation of biodiversity positive expenditures for all major actors and programmes in a country. The aim is to use detailed data on public, private, and civil society budgets, allocations and expenditures to inform and promote improved biodiversity policies, financing, and outcomes. The BER should result in a comprehensive report, a clear executive summary and policy briefs to help policymakers understand general trends, challenges and opportunities in biodiversity expenditures.
3. **The Financial Needs Assessment** represents the costing of the national biodiversity plan and other relevant policies. The FNA aims to make a comprehensive estimate of the

<sup>1</sup> INFF Facility, 2022, [The State of INFFs in 2022](#).



financial resources needed to achieve national and subnational biodiversity targets. National biodiversity targets are typically articulated in biodiversity plans and other key national planning instruments, such as national development plans, sectoral development plans and climate change plans. The FNA compares these financial needs to projected biodiversity expenditures over a medium- to long-term planning horizon as part of an assessment of unmet financing needs.

4. **The Biodiversity Finance Plan** is an action plan including 10-15 financing solutions/mechanisms jointly enabling a country to reduce the finance gap. The BFP aims to present a coherent and comprehensive approach to biodiversity finance, encompassing a full suite of priority finance solutions. The plan is a national document engaging the public sector, private sector, and civil society. The objectives are to develop: a comprehensive list of potential finance solutions, with rigorous prioritization and vetting, detailed technical proposals to operationalize them, a clear investment case for each prioritized finance solution and a well-written and compelling Biodiversity Finance Plan.
5. **Implement the Biodiversity Finance Plan** and its solutions, follow up programme to develop new and improved budgets, subsidies, taxes, fees, funds and other mechanisms. To succeed, countries should not exclusively focus on the implementation of stand-alone finance solutions identified in the plan. They equally need to preserve and maintain a lead role in supporting national actors in coordinating biodiversity finance and widening the space for policy debates.

## Stages of the INFF

INFFs are designed and implemented through country-led processes that are connected with the planning cycle. As such the steps and timelines vary from context to context, though with some common features:

1. The exploration and/or initiation of an INFF typically begins with an **inception phase** which includes a scoping of the existing context and information, identification of institutional home for the INFF and agreement on the process that will be followed. At this stage the government usually determines the scope of the INFF, for example whether it will support the national development plan as a whole or focus on specific priorities or SDGs within it.
2. **INFF assessments and diagnostics** are carried out to inform the design of the INFF within the national context and institutions. The aim is to develop a complete picture of national financing needs and available financing sources, as well as the opportunities, challenges, risks and binding constraints the country faces when financing their sustainable development. Assessments are shaped and socialised through a series of **financing dialogues**. Many countries use a [development finance assessment](#) to facilitate these dialogues and compile the analysis, often in combination with or drawing from other assessments focused on specific areas of financing or specific thematic issues.
3. The **financing strategy** sits at the heart of the INFF, bringing together public and private financing policies to mobilise and align finance with the national plan that the INFF is supporting. It matches financing types to priorities, addresses constraints to aligning finance with sustainable development and promotes coherence across financing policies



and instruments. It sets out a sequenced, prioritised set of actions to strengthen and improve financing policies, instruments and institutions.

4. As the financing strategy is developed, governments also define **monitoring and review** systems for the INFF. This consists of three layers: (i) monitoring progress in different financing flows and policy areas, (ii) strengthening coherence among already existing tracking and monitoring systems and closing gaps in the architecture, and (iii) assessing whether the financing strategy itself is succeeding in increasing overall coherence and alignment of financing and related policies. At the same time, the **governance and coordination** structures needed to implement the financing strategy are reviewed, building on decisions made about institutional arrangements in the inception phase and expanding and refining as needed, to advance coherent, coordinated implementation of the financing strategy within national institutions.

Full operationalisation of the INFF focuses on **implementation of the financing strategy**. The financing reforms prioritised in the financing strategy are delivered by the respective ministries, with ongoing coordination, financing dialogue and reporting on a regular basis. In many cases governments will draw on technical support from UNDP and other partners to advance delivery of the reforms and capacity development priorities set out in the financing strategy. In 2022 the INFF Facility was launched, bringing together UNDP, UNDESA, UNICEF, the OECD, EU and Governments of Italy, Sweden and Spain to respond to this demand and broker technical support as well as knowledge exchange and technical guidance.

## Entry points for integration

Both processes start with institutionalisation and a diagnostic stage, feeding into the main finance plan/strategy and ongoing delivery, dialogue and monitoring. BIOFIN has SDG 14 and 15 as primary goals; INFFs typically consider all SDGs, though focus on specific thematic priorities or SDGs in some contexts.

Each country needs to **create a unique way of linking Biodiversity Finance Plans and INFF** due to the difference sequencing between the two processes as well as varying institutions and policy cycles. Common entry points may include the following:

- 1) Incorporation of **nature as an agenda item in INFF financing dialogues**, with participation of key biodiversity finance stakeholders.
- 2) **New Biodiversity Finance Plans** should include priorities on biodiversity finance emerging from the INFF strategy as they related to biodiversity. Countries implementing the biodiversity finance plan can add solutions emerging from the INFF when they related to biodiversity.
- 3) Incorporation of **evidence from BIOFIN analyses** (steps 1-3 in the process above) into INFF financing dialogues and assessments and diagnostics. This can include the identification of finance flows with a nature negative impact using the emerging BIOFIN tool to scan and repurpose subsidies. Countries with a completed **biodiversity expenditure review** can benefit from **high resolution data** on biodiversity expenditures, in particular in sectors like agriculture or tourism. Each expenditure category can be tagged to the other SDGs.
- 4) The **Catalogue of Biodiversity Finance Solutions** can be consulted by countries developing an INFF, during the assessment and diagnostics phase and as the financing strategy is developed, to identify new and existing financing mechanisms.



- 5) Finance solutions/actions of a Biodiversity Finance Plan are fully developed project concepts that can be integrated into the **action plan of the INFF financing strategy**. Finance solutions, especially those that are implemented at site level, consider risks and other social safeguards in work planning. Entry points that offer potential links to biodiversity can be optimized including climate / peace process / IP etc.
- 6) Mainstreaming of nature within the financing solutions identified within INFF financing strategies. For example, incorporation of biodiversity within SDG budget tagging, debt for SDGs, tax for SDGs, SDG taxonomies and other reforms.
- 7) Teams working on INFF and BIOFIN could identify priority policy topics for a **shared advocacy agenda**.
- 8) Indicators and systems for collecting data on finance for nature can be incorporated into INFF monitoring frameworks (particularly those relevant to reporting in relation to the Global biodiversity framework).

## Next steps

- 1) Identify priority actions to link knowledge sharing between the INFF and BIOFIN Process (eg. regional and global workshops, webinars, knowledge products, internal briefs)
- 2) For the integration of the two processes at national level it will be important to define a shared narrative. To a large extent, each area of work will follow distinct processes due to the unique stakeholder universe required to be involved in each, though identification of a select connection points can ensure the synergies between them are leveraged.
- 3) 3-5 countries will be identified for closer support to integrate BIOFIN and INFFs, to demonstrate proof of concept and refine and deepen the guidance set out in this note.
- 4) The 2023 BIOFIN Workbook will include a dedicated section on integration with INFF based on this note.
- 5) Possible internal webinar bringing together INFF and BIOFIN focal points from each country office to build a shared understanding of each process and identify country-specific entry points.

## Example: INFF and BIOFIN integration in Mongolia

In Mongolia, BIOFIN is working since 2015 under an inter-ministerial steering committee including the ministries of finance and environment. A Biodiversity Finance Policy and Institutional Review, Biodiversity Expenditure Review and Financial Needs Assessment were carried out. These have generated the Biodiversity Finance Plan and a number of potential finance solutions that can help to reduce Mongolia's finance needs. Since 2021, BIOFIN is supporting the implementation of the Biodiversity Finance Plan, with a focus on two solutions (1) Optimising the collection and expenditure of natural resource user fees, which led to a new guideline being approved by the Mongolian Parliament in 2022 and a budget

increase across local governments of US\$ 2.7 million, and (2) Establishment of a conservation trust fund – which is currently supporting the establishment of a one billion tree fund.

Later in 2021, INFF was initiated under the leadership of the Ministry of Finance, which supports the implementation of the Mongolia's medium-term development plan 2020-2025. To kickstart the INFF process, a multi-stakeholder working group was established in January 2021 at the Ministry of Finance led by the Deputy Finance Minister, which involved the Ministry of Environment and Tourism, as well as other stakeholders such as the National Chamber



of Commerce and Sustainable Finance Association that are critical to both biodiversity financing and INFF processes. Coordination within UNDP across programmes were critical to ensure that when providing support to the government, the updates, information and priority solutions would feed into the other process and vice versa.

Within the INFF Stage 1 “**Inception Phase**”, UNDP BIOFIN and SDG Finance teams coordinated internally and exchanged information, documents and ideas. There

1. Re-alignment of taxes on natural resources use, which aims to improve the implementation of the Law on Natural Resources Use Fee with the dedicated regulation on natural resources user fee.
2. Re-introduction of pasture fee.
3. Establishment of a conservation trust fund based on the private sector.
4. Promotion of impact investment, which aims to mobilize resources for a viable business based on the sustainable use of natural resources.

Of these four solutions, there were sufficient progress on the first two measures by the time of the development of the INFF financing strategy, hence focus was placed on the establishment of the conservation trust fund and the promotion of impact investment. The processes that require complex solutions, and coordination across different stakeholders benefit greatly from the multi-stakeholder dialogue and coordination that is already happening within INFF processes. Some sector-specific measures such as developing a regulation on natural resources fee can be implemented independently of the INFF process, as in Mongolia’s case.

The INFF financing strategy is a comprehensive strategy consisting of 12 prioritised financing policy areas for public

were overlaps in the membership of committees that were overseeing both processes, which helped with external coordination and knowledge sharing of best practices. Following this, within the INFF Stage 2 “**Assessments and diagnostics**”, SDG financing needs were estimated which directly incorporated the BIOFIN “**Finance Needs Assessment for Biodiversity**” developed by Ministry of Environment and Tourism with the technical support of BIOFIN project. BIOFIN has identified the following four finance solutions for Mongolia:



financing, 10 for private sector financing and 8 for macroeconomic environment. The policies and reforms ranging from budget reforms to improve alignment with SDGs and improve its efficiency, to promoting private sector investment through implementation of measures to enable tracking and incentivizing financing flows towards the SDGs, along with the systemic measures are critical for both biodiversity financing and SDGs financing in general. The INFF financing strategy was endorsed by the National Committee for Sustainable Development led by the Prime Minister of Mongolia in August 2022 and implementation is underway until 2025 – the next cycle for medium-term development plan.