

## **Friends of the Cali Fund**

A key and outcome of CBD COP16 was the adoption of the modalities of the multilateral benefit sharing mechanism for the use of digital sequence information on genetic resources (DSI), including a global fund named the Cali Fund. The Cali Fund was then launched in Rome at the resumed session of COP16 in February.

### **Problem Statement**

Although the outcome was generally received positively, some businesses and business groups have been clear that there are still significant challenges in its implementation. A specific and repeatedly referenced challenge is the risk of obligation stacking across the Cali Fund (multilateral mechanism) and national benefit sharing measures (bilateral mechanisms) that cover DSI. Decision 16/2 on DSI does not quite go far enough in ensuring that companies will not be faced with duplicative benefit sharing obligations.

This friction between the multilateral and bilateral approaches risks the success of the Cali Fund in mobilising private sector finance. There is a need for Parties to provide business with certainty that contributions to the Cali Fund also equate to compliance with national legislation on DSI. This certainty would provide a key incentive for the private sector to contribute and capitalise the Fund, driving participation and the mobilisation of private finance for nature.

There is also an apparent lack of trust between the private sector and countries. There is a need for companies to also act to help bridge the gap in trust and show their commitment to sharing benefits through the multilateral mechanism, including the Fund.

### **Proposed solution**

Having reflected on conversations with the private sector since the conclusion of COP16 in Cali, the Friends of the Cali Fund concept was developed in the corridors of CBD COP16.2.

The group, which in essence would be similar to a high ambition coalition of countries, would cluster around the common objective of making a success of the Cali Fund, with a central aim of providing assurances that the Cali Fund is the benefit sharing mechanism for DSI, mitigating concerns over obligation stacking.

To have the greatest impact, it is important that as many countries as possible join the group of Friends. To encourage a broad group of countries, the objectives of the group can stretch beyond the issue of obligation stacking. The objectives are laid out in the draft declaration in Annex A.

With the right membership, the declaration would provide companies with certainty to operate and reassurance that the Cali Fund is the primary, internationally endorsed channel for benefit sharing from the use of DSI. It would demonstrate political alignment and unlock financial commitments by showing that the Fund has momentum. Although it is not designed to be a legal instrument, it would provide a strategic signal to give confidence.

### **Progress**

Discussions have been held with other Parties as well as business representatives and they have been overwhelmingly positive. Both the UK and Chile have led the outreach work. The draft declaration has been shared for initial views, with comments expected by the end of the May.

### LCAW Nature Finance Event

The Nature Finance event on 25 June during London Climate Action Week provides a platform for the launch of the Friends of the Cali Fund. Several key countries are invited. To have real impact, the launch of the group of Friends must be paired with the first contribution to the Cali Fund. This would start to bridge the gap in trust between countries and companies – demonstrating that both sides are committed to making it work.

### Additional levers

There are several routes to grow the membership of the group. The G20 is one route, and given South Africa's continued focus on bioeconomy, DSI and the Cali Fund would be a natural fit. We will continue to explore a range of channels to seek support.

### **Annex A: DRAFT Declaration of the Friends of the Cali Fund**

Recalling the adoption at CBD COP16 of the modalities for operationalising the multilateral mechanism for the fair and equitable sharing of benefits from the use of digital sequence information on genetic resources (DSI), including the Cali Fund,

Recognising the establishment of the Cali Fund as a global mechanism to mobilise finance for biodiversity through benefit sharing,

Acknowledging the importance of ensuring coherence between multilateral and domestic benefit-sharing measures to foster trust, participation, and financial flows, and to ensure the long-term success of the mechanism. Such alignment can enhance the predictability and reliability of financial flows.

Noting that the funding collected through the multilateral mechanism should support the realisation of the objectives of the Convention on Biological Diversity (CBD) in developing country Parties, especially the conservation and sustainable use of biodiversity, including through the delivery of activities described in national biodiversity strategies and action plans; contribute to scientific research on biodiversity; benefit indigenous peoples and local communities, including women and youth within those communities; and support the building of capacity to generate, access, use, analyse and store digital sequence information on genetic resources according to capacity needs.

We, the Friends of the Cali Fund:

#### **1. Support a purposive multilateral approach**

Fully support implementation of the multilateral approach for the fair and equitable sharing of benefits arising from the use of DSI under the CBD.

#### **2. Provide certainty for contributors to build confidence and scale finance**

Payment to the Cali Fund in accordance with the modalities of the multilateral mechanism demonstrates compliance with any national benefit-sharing obligations relating to the use of publicly available and accessible DSI.

#### **3. Work with public databases in the effective implementation of the multilateral benefit sharing mechanism**

Support public infrastructure including database tools and models that facilitate publicly accessible and available DSI, bearing in mind open, responsible data governance, to promote the multilateral benefit sharing mechanism.

#### 4. Jointly promote the Cali Fund

Widely promote awareness of the Cali Fund and its modalities and actively share experiences and good practices on domestic legislative, policy and outreach measures and sectoral engagement.

#### 5. Support the private sector

Provide clarity on national measures to support the private sector within their jurisdiction to make payments to the Cali Fund, and support build trust across sectors to ensure the sustainability of the mechanism.

#### 6. Support ongoing collaboration and expansion

Promote and encourage additional partners to join the Friends of the Cali Fund, and commit to working together to embed the purpose and spirit of this Declaration.

This declaration is open to all partners who wish to demonstrate leadership in fostering a coherent, transparent, and effective multilateral mechanism for the fair and equitable sharing of benefits from the use of DSI, including through the Cali Fund.

### Resources

- [Decision 16/2 adopted by CBD COP16 on digital sequence information on genetic resources](#)
- UK Government Press Release: [New deal for biodiversity from using nature's genetic information - GOV.UK](#)
- Multilateral Trust Fund Office webpage for [The Cali Fund](#)
- YouTube: [COP 16 Outcomes—Operationalization of the Cali Fund](#)