



Green Markets – an overview

Finance Mechanisms for Biodiversity: Examining Opportunities and Challenges
International Workshop convened by the OECD, World Bank, GEF, and the EC,
together with India and Sweden

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2011-2020 国連生物多様性の10年

What Green Market is



■ UNEP/CBD/WG-PA/2/4

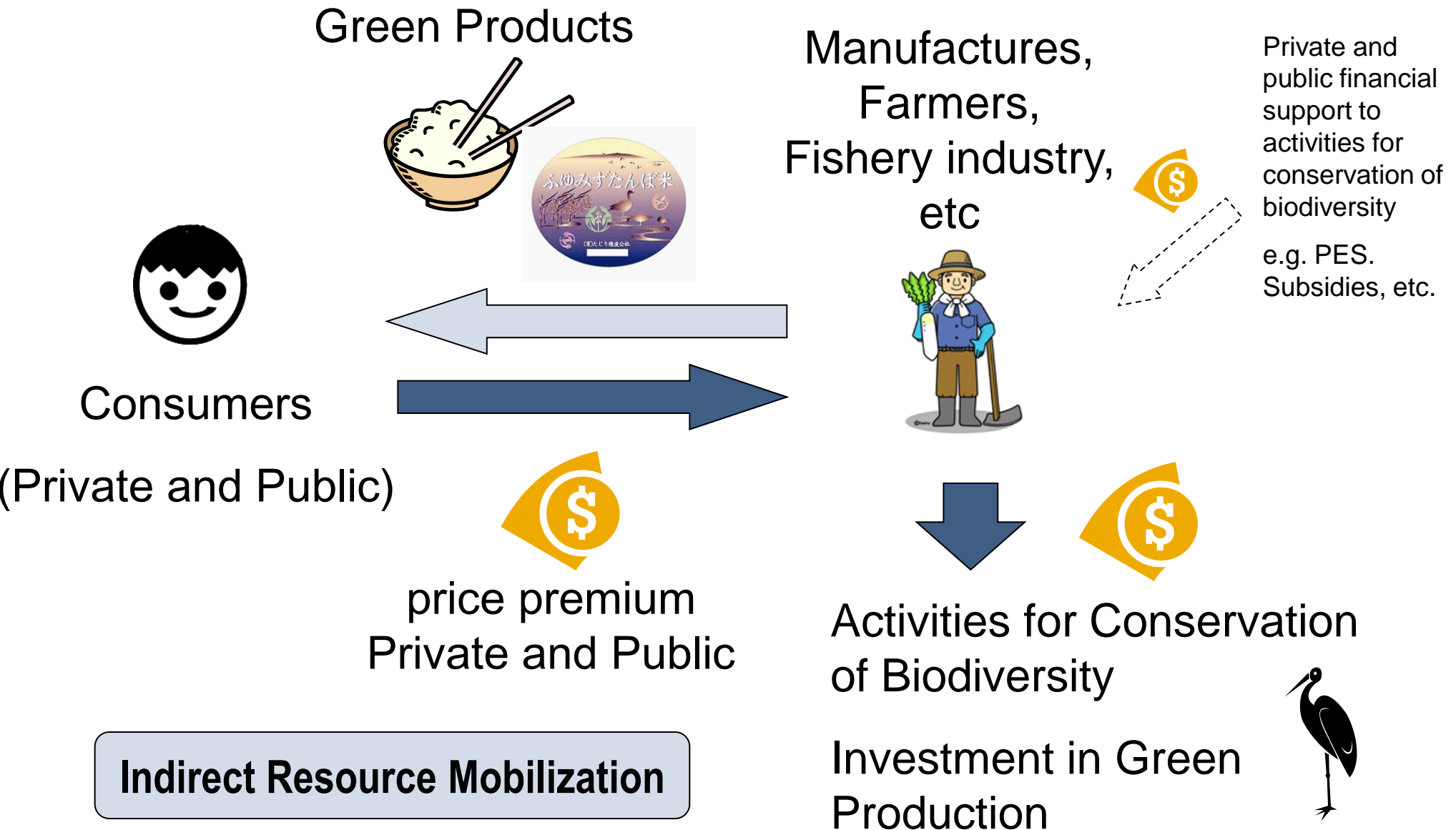
Green markets

- Eco Labeling schemes
- Promotion of green consumption and production
- International trade in organic, fair-trade, sustainable products
- International green investment funds

modified from Gutman and Davidson, 2007

Expression in UNEP/CBD/COP/DEC/IX/11
“Markets for green products”

Sources of finance



Good practices

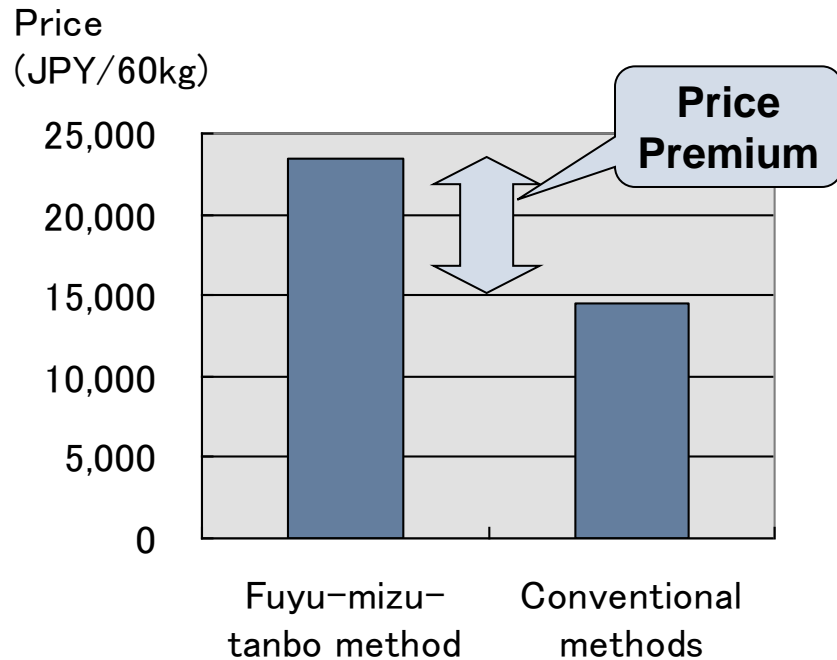
	Forest	Agricultural products	Fisheries
International	<ul style="list-style-type: none"> ■ <u>FSC</u> ■ <u>PEFC</u> 	<ul style="list-style-type: none"> ■ Fairtrade ■ <u>Rainforest Alliance</u> ■ Bird Friendly Coffee ■ Good Inside ■ Conservation Coffee program ■ <u>the Roundtable on Sustainable Palm Oil (RSPO)</u> ■ IFOAM 	<ul style="list-style-type: none"> ■ <u>MSC (Marine Stewardship Council)</u>
Domestic, Local In particular in Japan	<p><i>Japan</i></p> <ul style="list-style-type: none"> ■ <u>SGEC</u> <p><i>Other countries</i></p> <ul style="list-style-type: none"> ■ <u>Malaysian Timber Certification Council (MTCC)</u> ■ <u>SFI</u> ■ CSA International etc. 	<p><i>Japan</i></p> <ul style="list-style-type: none"> ■ <u>Flying Stork label certified by Toyooka City</u> ■ <u>Fuyumizu-tambo (Winter-flooded) Rice</u> ■ <u>Ibis Brand Rice Certification System</u> ■ <u>Eco farmer certification</u> ■ <u>Siga prefecture certification for eco-friendly agriculture</u> 	<p><i>Japan</i></p> <ul style="list-style-type: none"> ■ <u>MEL Japan</u> <p><i>Other countries,</i></p> <ul style="list-style-type: none"> ■ Det Norske Veritas Certification AS(DNV) ■ Food Certification International Ltd

Underlined: program kindly answer to questionnaires surveys

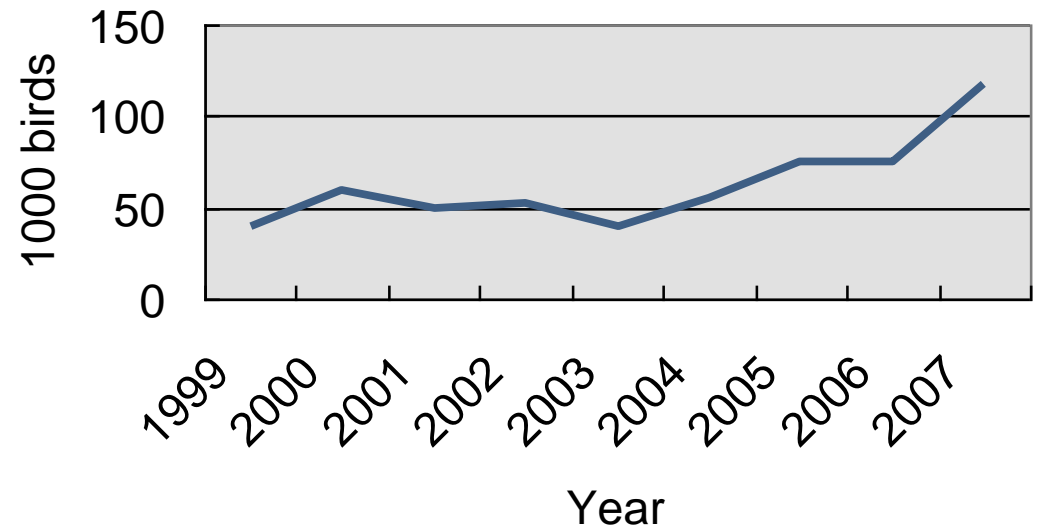
Good practices

Kabukuri-numa and Surrounding Rice Paddies as a Ramsar Site

Price Difference between biodiversity friendly rice and conventional rice



Increased number of geese in Kabukuri-numa (Kabukuri pond)



Financial Resources are Successfully mobilized

The biodiversity are properly conserved

Farmers receive more than USD 100,000 as a premium (production in about 4,000m² yeald)

*Fuyu-mizu-tambo method means biodiversity friendly farming like flooding rice field in winter season and not using chemical fertilizer and pesticide

Overview of opportunities to scale-up



FSC

- The value of FSC labeled sales is estimated at **over 20 billion USD**.

Source: Forest-Stewardship-Council-Fact-Sheet, February 2010

MSC

- The estimated retail value of seafood products bearing the MSC logo is estimated **around 1.4 billion USD** annually (estimates based on half-year figures: 1 April 2008 – 30 September 2008).
- These numbers confirm a continued trend of steady year-on-year growth at around **\$0.4 billion**

Source: Sustained growth of MSC labelled products continues, 28 April 2009

Challenges and means to address

Challenges

- Difficulty to understand the difference among the certification schemes/green product
- Little appealing of the certified products to consumer
 - Low awareness of consumers, manufactures, farmers
- Low incentive of manufactures/farmers to receive the certifications
- Little incentive of traders, distributors to deal with certified products
- High cost of acquire certification
- Complexity of certification procedure
- Difficulty to valuate and show the effect of biodiversity conservation by green market

■ Risk of Green washing

Means to address

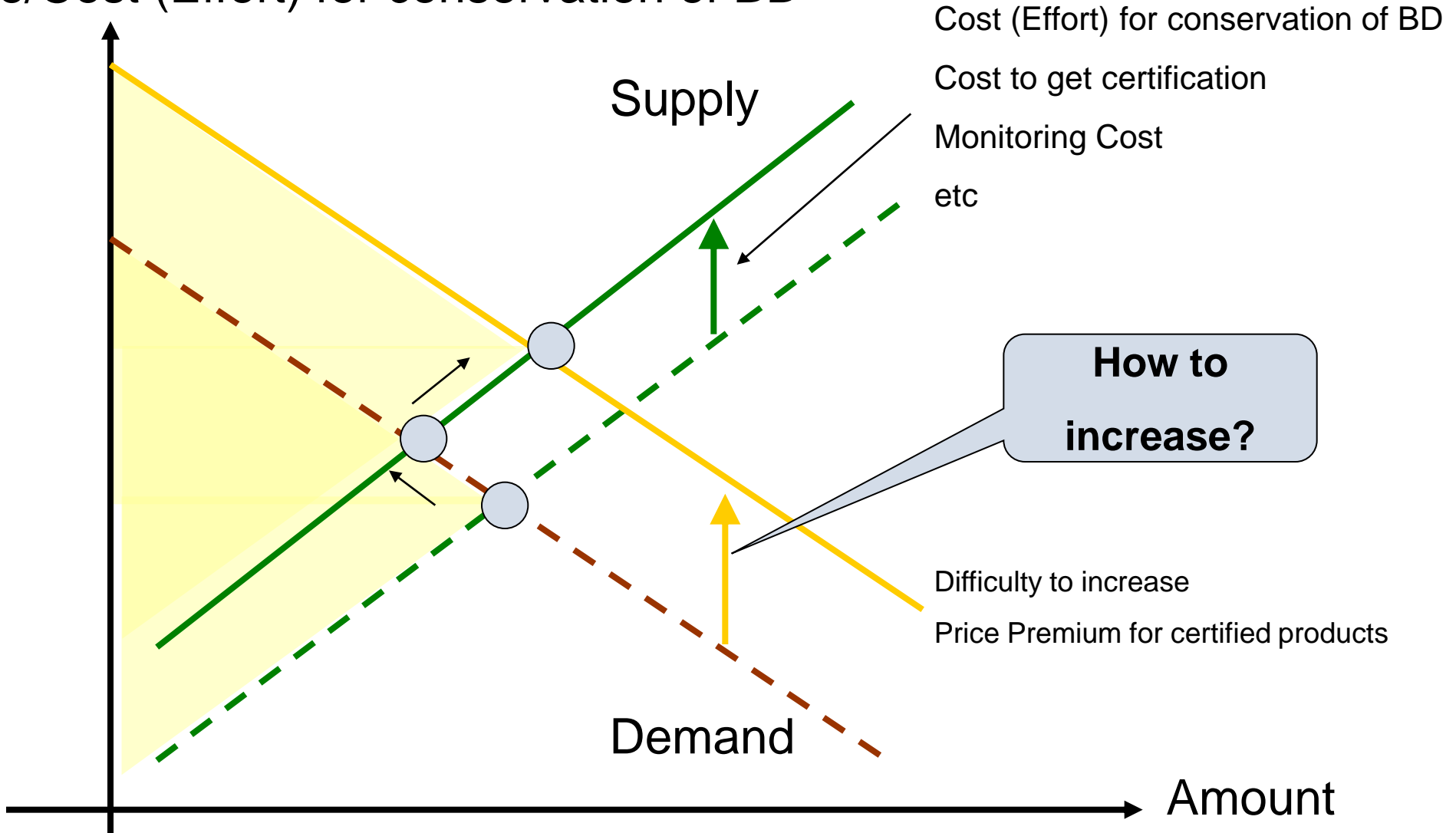
- Mechanism to explain the difference among the certification schemes/green product
- Awareness raising for consumer, manufactures, traders, distributors, etc.
- Support for consumer, manufactures to acquire certifications
- Promotion of Green Procurement
(Law was enacted in 2000 in Japan)
- Development of tools to valuate the effect of BD conservation by green market.

Safeguards to prevent Green washing

- Monitoring by NGOs
- Third-party certificate

Dilemma

Price/Cost (Effort) for conservation of BD





Thank you very much

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Additional Slides

Questionnaires Survey



- (1) Application procedure, required times, and costs to get certification
- (2) Whether you have a cross-certification with the other scheme.
- (3) What kinds of information applicant should submit when he apply for certification.
- (4) The effect of the conservation for biodiversity (Direct and indirect (e.g.,. effect for climate change mitigation))
- (5) Challenges (obstacle) for promoting your scheme. (e.g. complaint from organization who got certification that certified company have a difficulty to sell commodity higher prices)

Key issues



73. Despite impressive recent growth, the overall market share of certified products remains low. For example, MSC-certified seafood products still account for just 7% of the FAO's total recorded global capture fisheries production, while forest certification, in place since 1993, still only covers 8.3% of the world's production forests.

74. The expansion of certified biodiversity-friendly products and services is hampered by the cost and complexity of implementation, reflected in relatively low levels of certified production in most developing countries.

75. A more fundamental barrier to the expansion of voluntary green markets is limited consumer willingness to pay (WTP). A study focusing on eight EU Member States found a low level of awareness and WTP for certified products amongst end-users.

76. Many certification systems do not make their relationship to biodiversity explicit. Organic farming labels, for example, have been reported to be generally beneficial but the certification does not set out to ensure biodiversity.

77. Certification systems are based on the assumption that adopting certain specified production and processing practices will have positive biodiversity benefits, regardless of a producer's location in the landscape/watershed.

78. New regulations can sometimes limit market opportunities for natural products. For example, a potential barrier to growth in natural cosmetics comes from tighter legislation in the US and the EU (REACH) on the safety of chemicals in cosmetics as well as the EU novel food regulation.

Source: UNEP/CBD/WS-IFM/1/3, 29 January 2010

REPORT OF THE PROCEEDINGS OF THE INTERNATIONAL WORKSHOP ON INNOVATIVE FINANCIAL MECHANISMS, BONN, GERMANY, 27-29 JANUARY 2010

Annex IV. Market for Green Products

Recommendations concerning market for green products:

1. Establish an incubator fund for supporting the development of markets for green products. This funding mechanism should be flexible and draw from a variety of sources, including voluntary contributions and public finance. Its main objective is to help increase market access for small enterprises and to support the establishment of new biodiversity-friendly enterprises.
2. Strengthen and compile the scientific analysis on the scope and meaning of green products. It is suggested to build on existing efforts to achieve a comprehensive approach towards the application of green (or biodiversity-friendly) criteria to products. This task should contribute directly to the development of basic principles and requirements that can be included in the post 2010 strategy for biodiversity conservation and applied to the assessment of the sustainability of products in a variety of industry sectors. It is suggested that the proposed Intergovernmental Panel on Biodiversity and Ecosystem Services (IPBES).
3. The implementation of robust green standards should be encouraged first and foremost through public procurement policies, from municipal to national levels. Such efforts should be carried out in close coordination with relevant policy processes, such as those related to fiscal reform. It is also suggested to provide national reports on the establishment and implementation of such policies.
4. Encourage and support, including through the use of incentives, the establishment and implementation of green procurement and investment policies in private sector companies.
5. Encourage the integration of broader landscape considerations into the criteria and principles for green standards and certification schemes in order to ensure that regional biodiversity is being effectively conserved and that local-level and small-scale enterprises are more effectively supported.
6. Achieve a more effective coordination between biodiversity and trade policies in order to ensure that the elaboration of biodiversity standards for green products are informed by trade considerations and that trade negotiations are adequately integrating biodiversity standards into consideration.

Source UNEP/CBD/WS-IFM/1/4, 29 January 2010

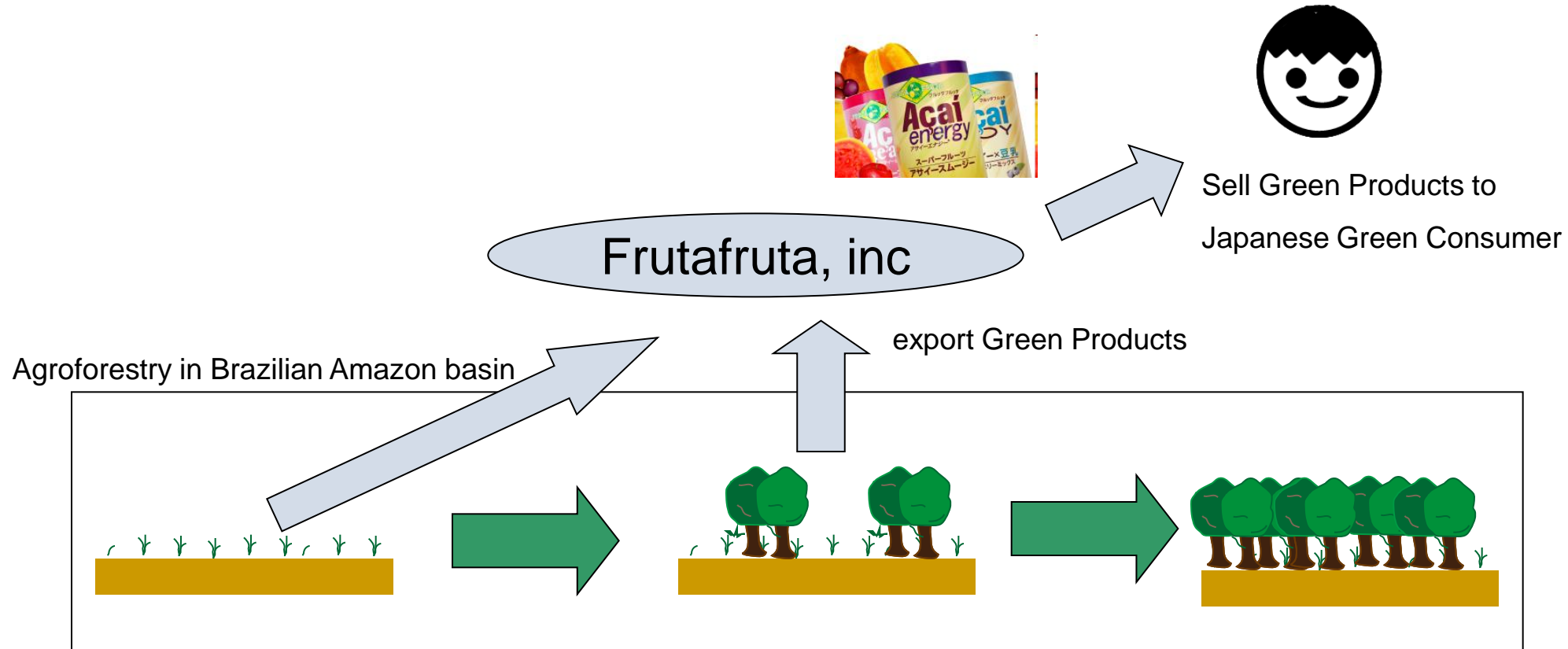
Green Products with Env. Education

Kabukuri-numa and Surrounding Rice Paddies as a Ramsar Site



Green Products for international sustainable development

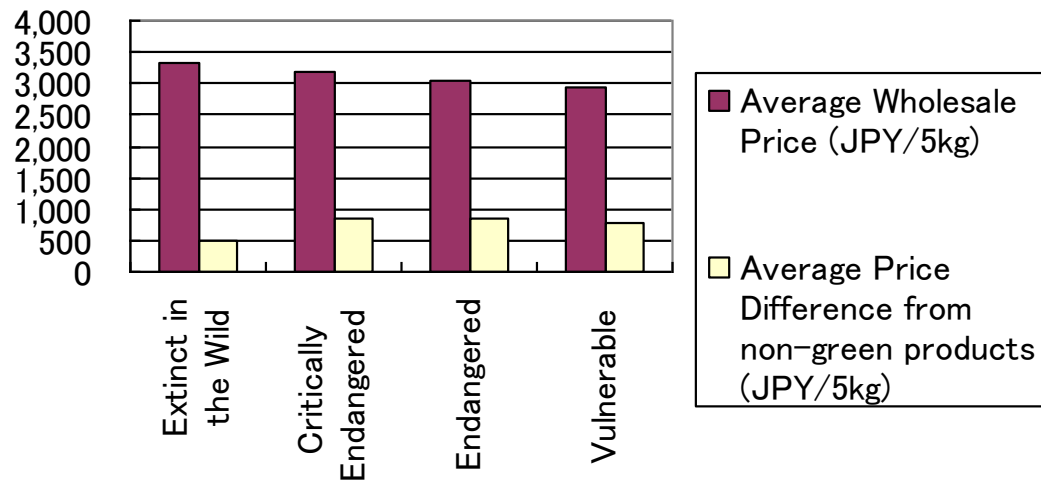
- Frutafruta, inc. is a company which imports, cuts/processes, and fruit produced in the Brazilian Amazon basin.
- Frutafruta imports and sells Brazilian products of agroforestry farms as green product in Japan and contributes to the afforestation in the Amazon by market mechanism.



Japanese Successful Example: Green Products

Success of Green Products in Japan

Price of green products (Rice)



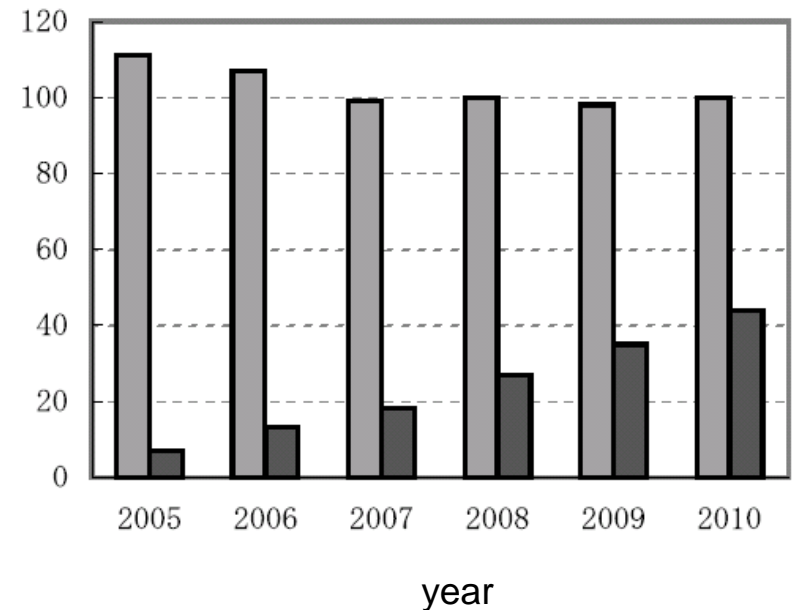
	No. of Cases	Average Wholesale Price(JPY/5kg)	Average Price Difference from non-green products (JPY/5kg)
Extinct in the Wild	2	3338	498
Critically Endangered	6	3186	832
Endangered	3	3045	844
Vulnerable	13	2942	771

Average JPY2,885

Average JPY610

Source: Policy Research Institute, Ministry of Agriculture, Forestry and Fisheries

The number of White Stork in Toyooka city



■ Breeding and protected White Stork

■ White Stork living in the Wild

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Successfully mobilized

The biodiversity are
properly conserved