

**Dear Executive Secretary, Dear Ahmed,**

**Budapest, 31.07.2011**

In CBD Decision COPX/3, §8(c), COP 10 invited Parties, relevant organizations and initiatives, such as the World People's Conference on Climate Change and the Right of Mother Earth, to submit information to the Executive Secretary concerning innovative financial mechanisms that have potential to generate new and additional financial resources as well as possible problems that could undermine achievement of the Convention's three objectives. (Ref: SCBD/ITS/YX/75558)

CEEweb for Biodiversity has assessed the available information – and whereas possible information available on the application of various Innovative financial Mechanisms – and would like to submit the following information and recommendations for the consideration of the Executive Secretary.

- 1) Regardless the nature or the type of the IFM's, it must be consistent with the CBD and the delivery of its objectives, such as the conservation of biological diversity, the sustainable use of its components and the fair and equitable sharing of the benefits arising from the utilization of genetic resources. Any IFM may not have any direct or indirect negative affect on biodiversity.
- 2) In order to safeguard this principle "sustainability check" should be carried out for each IFM in question. Such assessment will include consideration of:
  - a. How the finances are generated (having negative impact elsewhere)?
  - b. Does to use of the finances contribute directly or indirectly to nature distraction? (Increased exploitation, movement of goods and people, etc.)
  - c. How long is the mobilised resource available - what does the availability in time depends on – and how does it relate to the biological cycles it is supposed to have a positive impact on?
  - d. How does the IFM vulnerable to market forces?
- 3) The needs for new and additional resources must be scrutinised – primarily assessing the new and/or revised NBSAPs. It should be avoided that while a country / region is directly or indirectly increasing the pressure on biodiversity on the one hand, it would indicate and spend ever increasing resources for the protection of biodiversity on the other hand. This spiral needs to be broken down.
- 4) Safeguards needs to be in place prior to the implementation of any IFM – and this should include social, economic but governance measures as well.
- 5) The trend of increasing environmental pressure is increasing, thus it is predictable that in order to compensate it increasing resources will be needed. In order to move ahead with the effective and predictable implementation of the CBD's objectives an early phasing-out strategy

of resources (instead of ever increasing demand) would need to be in place as a guarantee for sustainability.

- 6) Donor countries and communities must have the security from the recipient constituency when considering the implementation of various IFM schemes, which the sustainability assessment has been carried out, appropriate governance structure, and last but not least the absorption capacity is in place.
- 7) The existing examples of IFMs and the ones which are being developed needs to be scrutinised both by the national and international community in order to understand its functioning in different environments and to develop appropriate safeguards prior its eventual implementation.
- 8) Parties should assess how various IFMs have been implemented and how they have contributed to the CBD objectives and request the CBD Secretariat to prepare implementation guidelines for the consideration and decision of the Parties.
- 9) The various IFMs should be treated systemically – they should not only address specific problems but also overarching issues which lead to biodiversity decline. Thus they should eventually regulate the resource use and in effect decrease the pressure on ecosystem services. The IFMs should also pre-empt eventual and arising problems.
- 10) The resources created and mobilised through IFM should be generated from unsustainable use of resources and lead towards sustainable use.
- 11) Financial resources always – directly or indirectly – lead to utilisation of resources and energy – which are contributing to environmental pressures. Thus, when designing the IFMs they should be only active until the objectives are reached and the balance between positive contribution to biodiversity and negative environmental pressures is not shifting towards more pressures and less environmental benefits.

Dear Executive Secretary, we sincerely hope that our thoughts and ideas contribute to the extremely important discussion and development of the IFMs which will lead eventually the fruitful discussion and decision by COP11.

Sincerely yours,

Andras Krolopp, Senior Policy Adviser