



# **Japan's Best Practices and Future Perspectives on Scaling up Biodiversity Finance**


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Dialogue Seminar: SCALING UP BIODIVERSITY FINANCE, 6-9 March 2012

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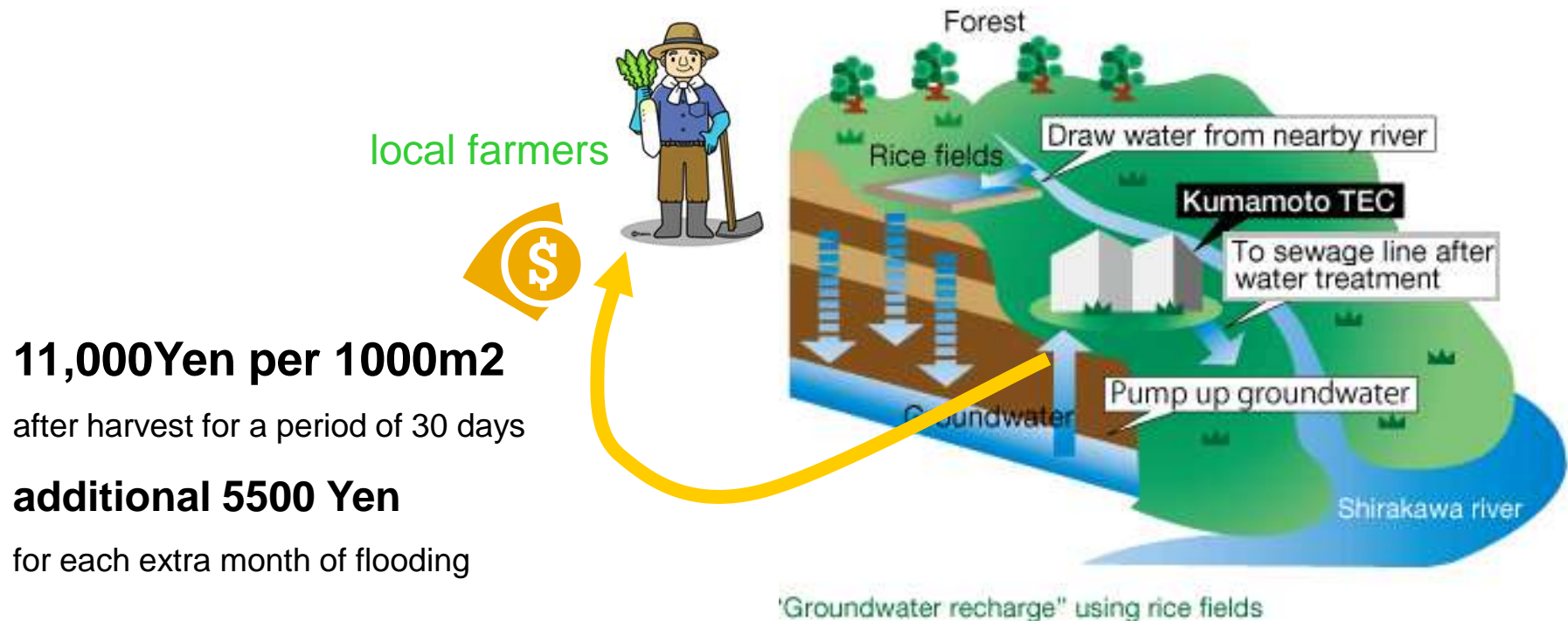
2011-2020 国連生物多様性の10年

- **Payment for Ecosystem Service (PES) by Private Sector**
- **Green Products (Certification and Labeling)**
- **Environmental Financial Action to BD (Interest, Fund and Rating, etc.)**
- **International Resource Mobilization (Japan Biodiversity Fund, GEF, etc.)**
- **Facilitation of private sectors' activities**

# Payment for Ecosystem Service (PES) by Private Sector

## ■Kumamoto TEC (Sony Semiconductor Kyushu Company)

Kumamoto TEC pays a grant to local farmers who agree to flood abandoned rice fields between crops or organic rice paddies after harvest for a period of 30 days. Kumamoto TEC purchases a portion of the rice harvested from the paddies within the groundwater recharge upstream-area for its staff cafeteria.



# Green Products Certification

## Sustainable Forest Management



## Organic Farming



## Biodiversity-friendly rice

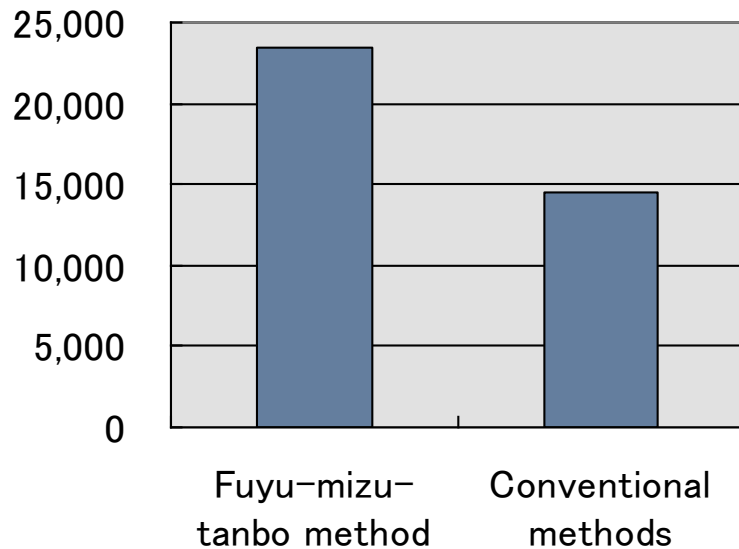


# Green Products

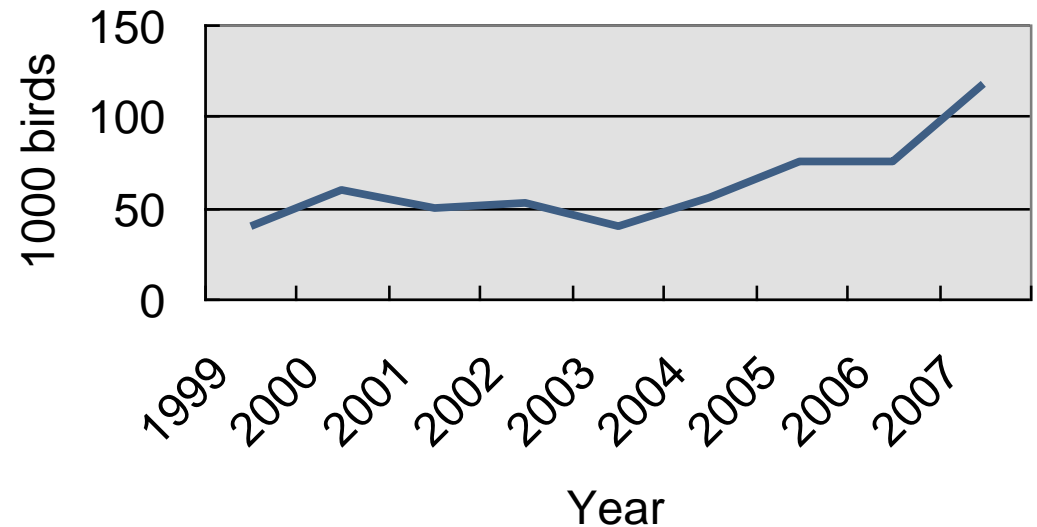
## Kabukuri-numa and Surrounding Rice Paddies as a Ramsar Site

### Price Difference between biodiversity friendly rice and conventional rice

Price  
(JPY/60kg)



### Increased number of geese in Kabukuri-numa



Financial Resources are Successfully mobilized

The biodiversity are properly conserved

Farmers receive more than USD 100,000 as a premium (production in about 4,000m<sup>2</sup> yeald)

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

### Principles for Financial Action for 21st Century by Japanese Financial Institutions in 2011

Expected benefits for environmentally excellent companies and project by financial institutions such as banks, securities companies, insurance Companies:

Expected Financial Products and services

- SRI Fund / Eco-Fund
- Interest rate discount
- Discount interest in environmental bond
- Discount price insurance
- Paperless TOR
- Eco-savings (some amount of interest is used for environmental conservation)

## Financial Sectors activities (Fund and rating, etc.).

- Shiga Bank introduced Biodiversity rating and interest rate discount system
- The new system grade corporate consideration for biodiversity on a scale of 1 to 100 points divided into five ranks under the following criteria.

Categories	Evaluation Items(Outline)
Management policies	1. Development of biodiversity preservation policies
Promotional and management structure	2. Establishment of structures to promote and manage the policies
Implementation of actions	3. Consideration of environmental impacts and the actions to reduce or avoid environmental risks
	4. Integration of actions in business activities
	5. Degree of contribution to the restoration of nature and to activities to preserve traditional culture
	6. Collaboration with research organizations that possess professional expertise
Promotion and disclosure of actions	7. Development of opportunities in which all employees and customers can understand the importance of biodiversity preservation
	8. Disclosure of actions and results

## Financial Sectors activities (Fund and rating, etc.).

(continued)

■Based on the ranks, companies can borrow money with discount interest rate.

PLB rating-BD	PLB Interest Rate Discount	Biodiversity Interest Rate Discount	Total Interest Rate Discount
L1+	0.5%	0.1%	0.6%
L2+	0.4%	0.1%	0.5%
L3+	0.3%	0.1%	0.4%
L4+	0.2%	0.1%	0.3%
L5+	Not Applicable	Not Applicable	Not Applicable

\*PLB: Principles for Lake Biwa

## The Japan Biodiversity Fund (JBF)

- JBF aims to support developing countries under the Aichi-Nagoya outcomes by strengthening their capacity to implement the Convention as a whole.  
e.g. Regional and sub-regional NBSAP capacity building workshops

## The Keidanren Nature Conservation Fund

- Support NPO activities for biodiversity conservation
- Cumulative amount of ¥150 million (JPY).

## JICA Training

- Contribute to Capacity Building in developing countries

## ■ Purpose

- To provide policies and information to business entities for **voluntary** conservation and sustainable use of biodiversity.
- To encourage business entities to engage in conservation of biodiversity.

## ■ Content of the Guidelines

### ●Executive Summary

### ●Introduction

The purpose of the guideline, effective usage, etc.

### ●Sec. I: A Shared Understanding of the Situation

Significance of biodiversity and relationship between business entities and biodiversity.

### ●Sec. II: Policies

Basic principles and approaches should be considered by business entities undertaking biodiversity measures

### ●Reference : Tips for the Practice

Referential information for implementation such as examples on how to advance measures



# Japan Business and Biodiversity Partnership

- Framework for Business Entities, NGOs, Governments, Municipalities which address actively conservation and sustainable use of biodiversity
- Nippon Keidanren, Japan Chamber of Commerce and Industry and Keizai Doyukai in collaboration with Ministry of the Environment, Japan, etc. established the framework during the CBD COP10
- The number of members: 488 (as of March 2012)
  - The members increased by more than 50 from initial members.
  - The members are expected to be increased in the future by participation of primary Industries and small and minimum enterprises.
- Main Activities
  - Information sharing of best practices, events, reference material through website, newsletters, web magazine
  - Consciousness and activity survey of members
  - Expansion of membership



# Summery



- Role-sharing and collaboration among international organizations, governments, private sectors, NGOs and citizens are indispensable for conservation and sustainable use of biodiversity. (UN Decade on Biodiversity 2011-2020, CEPA)
- Establishment of domestic resource mobilization scheme in all countries is important.
- In Japan, voluntary activities of private sector have been expanding. The private sector has promising potential. (Japan Business and Biodiversity Partnership)
- ABS is able to mobilize large amounts of resources. It is required to promote early ratification of the Nagoya Protocol.
- Awareness raising and human resource development are required for facilitating voluntary approach. (NBSAPs, Awards, etc.)



# Thank you very much

## Reference

■Japan Business and Biodiversity Partnership

<http://www.bd-partner.org/english/>

■Payments for ecosystem services (PES) - An introduction of good practices in Japan

<http://www.biodic.go.jp/biodiversity/shiraberu/policy/pes/en/index.html>

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# Additional Slides

Not for distributing/  
upload for website

# Introduction: Overview of Biodiversity Conservation and Resource Mobilization

## ■ Background

### Crisis

- Most of the 2010 targets were not achieved
- GBO3: Still increasing species extinction risk
- Less recognition of value of BD and ES
- Less resource allocated to BD

### Conservation

- Aichi Target
- Nagoya Protocol
- National Biodiversity Strategies and Action Plans (NBSAPs)

More resources and incentives are indispensable for BD Conservation

## Resource Mobilization

- Innovative Financial Mechanism
- GEF6
- Mainstreaming (e.g. National Accounting)

## Promotion of incentive measures

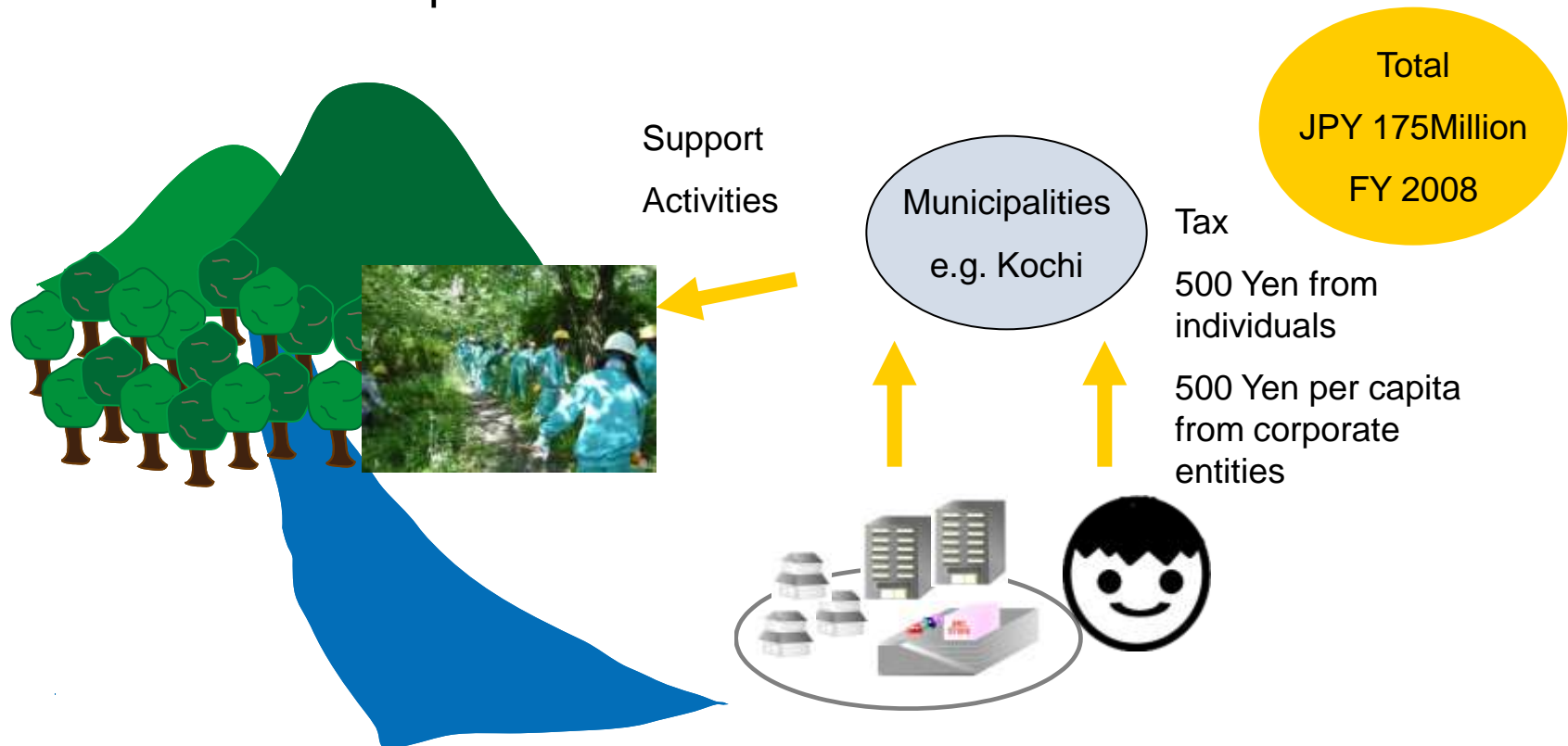
- Monetary positive incentive measures (PES, etc)
- Non-monetary positive incentive measures (Social recognition/prizes & awards, etc)
- Negative incentive measure (charges/taxes)

# Payment for Ecosystem Service (PES)

## (1) Local government

### ■ Local Forest Conservation Taxes and Watershed Taxes

29 prefectures have increased the tax rates of their prefectural inhabitant tax on individuals and corporate entities.



# Payment for Ecosystem Service (PES)

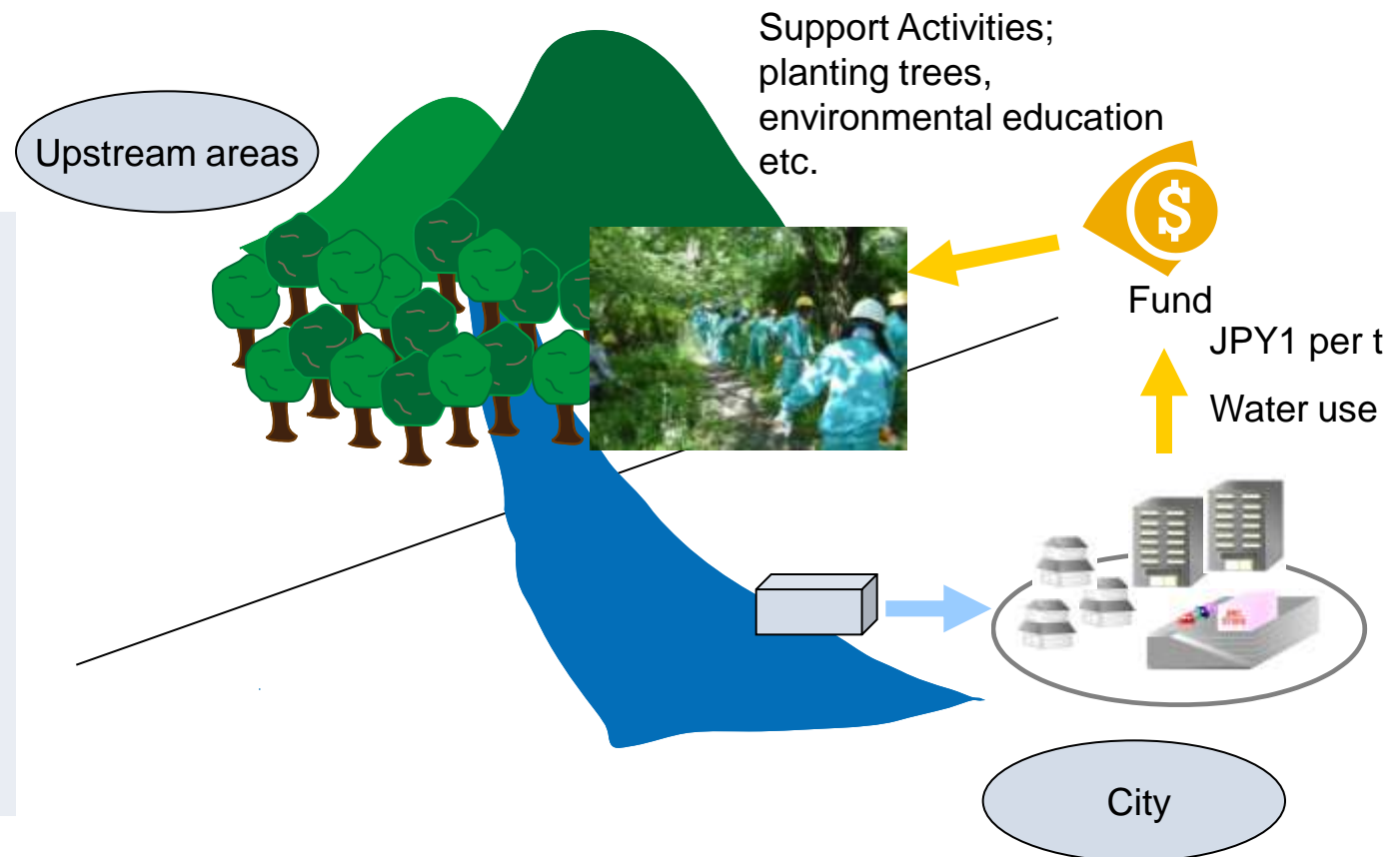
## (1) Local government (continued)

### ■ Watershed Conservation Fund

At least 14 Cities (Waterworks Department) in Japan (Toyota City, Fukuoka City etc.) established funds to support watershed conservation activities in cities upstream

Based on water use, the city downstream contribute money from their budget to the fund.

The fund is used for supporting activities of NPOs in upstream areas



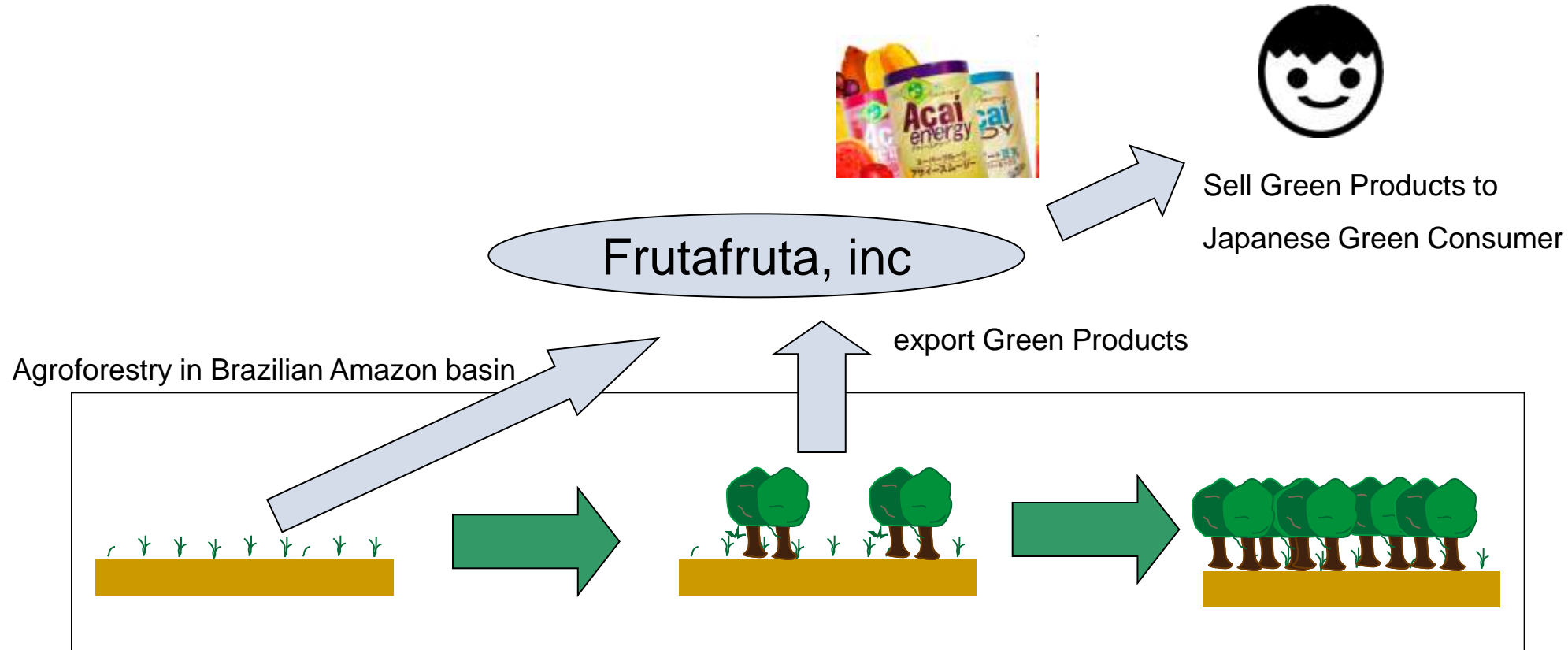
# Green Products with Env. Education

## Kabukuri-numa and Surrounding Rice Paddies as a Ramsar Site



# Payment for Ecosystem Service (PES)

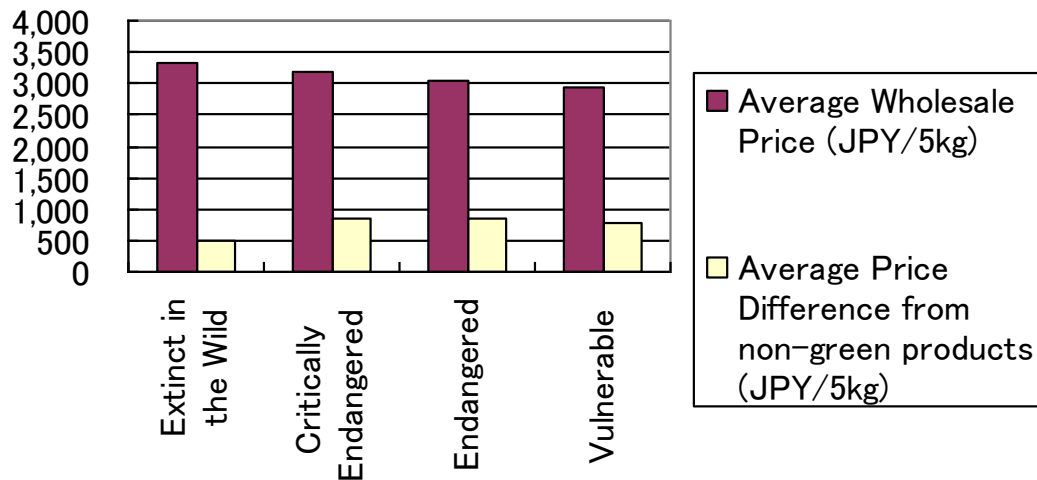
- Frutafruta, inc. is a company which imports, cuts/processes, and fruit produced in the Brazilian Amazon basin.
- Frutafruta imports and sells Brazilian products of agroforestry farms as green product in Japan and contributes to the afforestation in the Amazon by market mechanism.



# Japanese Successful Example: Green Products

## Success of Green Products in Japan

Price of green products (Rice)



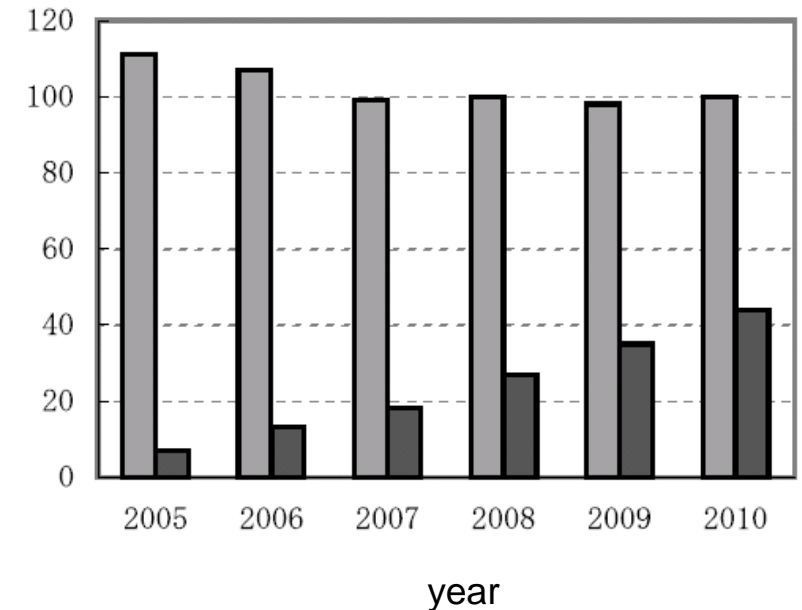
	No. of Cases	Average Wholesale Price(JPY/5kg)	Average Price Difference from non-green products (JPY/5kg)
Extinct in the Wild	2	3338	498
Critically Endangered	6	3186	832
Endangered	3	3045	844
Vulnerable	13	2942	771

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

Financial Resources are  
Successfully mobilized

The biodiversity are  
properly conserved

# Kumamoto TEC (Sony Semiconductor Kyushu Company)

## Water cycle in a water-offsetting scheme



Source : Sony Semiconductor Kyushu Corporation

# Japanese Successful Example: Green Products

## Sonpo Japan: Save Japan Project.

### SAVE JAPAN プロジェクトの流れ

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#### ① 選択する

ご契約時にWeb約款を選択

損保ジャパンが

#### ② 支援する

日本各地の自然と、そこに生息する  
希少生物種を守る活動を行う  
環境NPOなどに寄付

環境NPOなどが

#### ③ 実施する

寄付金を活用し、環境保全活動  
を全国で実施

