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BIODIVERSITY FINANCE TRACKING THE JOINT MDB APPROACH

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Outline

- Why is Climate Finance Tracking Important?
- Some Existing Tracking Systems
- Joint MDB Approach
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Why is Biodiversity Finance Tracking Important

- Averting biodiversity loss and increasing its protection requires mobilising public, private, bilateral, multilateral and alternative finance sources;
- It is increasingly necessary to track and report financial flows to build trust, accountability and to monitor trends and progress;
- There is currently no precise, internationally agreed definition of biodiversity finance and current efforts lack transparency, comparability and comprehensiveness;
- MDBs wish not only to harmonise amongst themselves but also to encourage others to use this work and hope that it can be used as a robust and transparent basis for wider biodiversity finance reporting.

Some Existing Tracking Systems

- OECD “Rio Markers” coders have three options: *that biodiversity is a “principal objective”, “significant objective”, or “not targeted to the policy objective”;*
- Using “Rio Markers” as the basis, the EU has been developing its own methodology to track biodiversity expenditures in its budget;
- National biodiversity finance tracking methodologies;
- Individual IDFCs methodologies?

The Joint MDB Approach

- The joint approach responds to the particular context of the activities that the MDBs carry out specifically in developing countries and emerging economies. The exception will be for both EBRD and EIB that will also report on financing in Europe as a whole;
- It has emerged from a process to find commonalities between existing MDB approaches to biodiversity financing;
- The joint approach is a work in progress aimed at assisting MDBs and other organisations.

The Joint MDB Approach – Agreements so far (1)

- **Reporting is linked to MDB financial commitments:**

The approach measures financial commitments at time of signature.

- **All types of resources are eligible for reporting irrespective of origin:**

Both MDBs' own resources as well as the MDBs' managed investment – all external resources will be clearly separated from own resources to avoid double counting.

- **All types of instruments deployed are included:**

Debt, equity, guarantees, technical assistance and grants

The Joint MDB Approach – Agreements so far (2)

- **Classification is made ex-ante project implementation:**

The qualification of a project under the methodology does not imply evidence of the eventual delivery of biodiversity benefits. Inclusion is not a substitute for project-specific ex-post evidence of biodiversity benefits, and projects seeking to demonstrate such effects must do so through project-specific data.

- **An activity can be a project, a project component, or a proportion of a project:**

The joint approach aims to report on biodiversity activities disaggregated from non-biodiversity activities through a reasonable level of data granularity.

The Joint MDB Approach – Agreements so far (3)

The MDB approach for biodiversity will be process based on the following principles :

- 1. It will be purpose, context and activity based;**
- 2. It will follow a conservative approach:**
 - to avoid the mislabelling of development activities as biodiversity
 - Activities that do not meet all the criteria set out in 1. will not be included in the reporting
- 3. Project activities will have to reflect at least one of the defined biodiversity categories – work in progress**

Next Steps

- Agree on definitions of biodiversity categories – understand the additionality;
- Define the approach and commit to the approach – maybe a joint statement at end of year?
- Operationalisation of the approach by each MDB;
- Evaluation of its application to fine-tune the approach and its application;
- Close discussion with IDFC, OECD and others on the process of improved harmonisation in biodiversity finance reporting;
- In October 2016 the MDBs will (hopefully) jointly report 2015 figures.

Thank You

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