

Resource Mobilization

International Workshop on Financing for Biodiversity
Kartause Ittingen, Switzerland
18-19 August 2014



Mobilizing resources for biodiversity

- Background
 - Conceptual issues
 - Changing global economy
 - Current initiatives
- WGR15 recommendation
- Up-dated strategy for resource mobilization
 - Concrete steps

A challenge

Economic invisibility and not lack of value of the natural world leads to biodiversity decline

- Fisheries contribute \$274bn to global GDP, provide 3 billion people animal protein, and jobs to 200 million people but transition to more sustainable fisheries funded only by modest philanthropic and public money
- 1990 -2008 Inclusive Wealth Index: GDP per capita of Brazil and India rose 34% and 120% respectively while its natural capital —from forests to fossil fuels and minerals – declined 46% and 31%. Norway's GDP increased 51% but due to its consumption of natural resources like oil and gas their growth cut to 13%

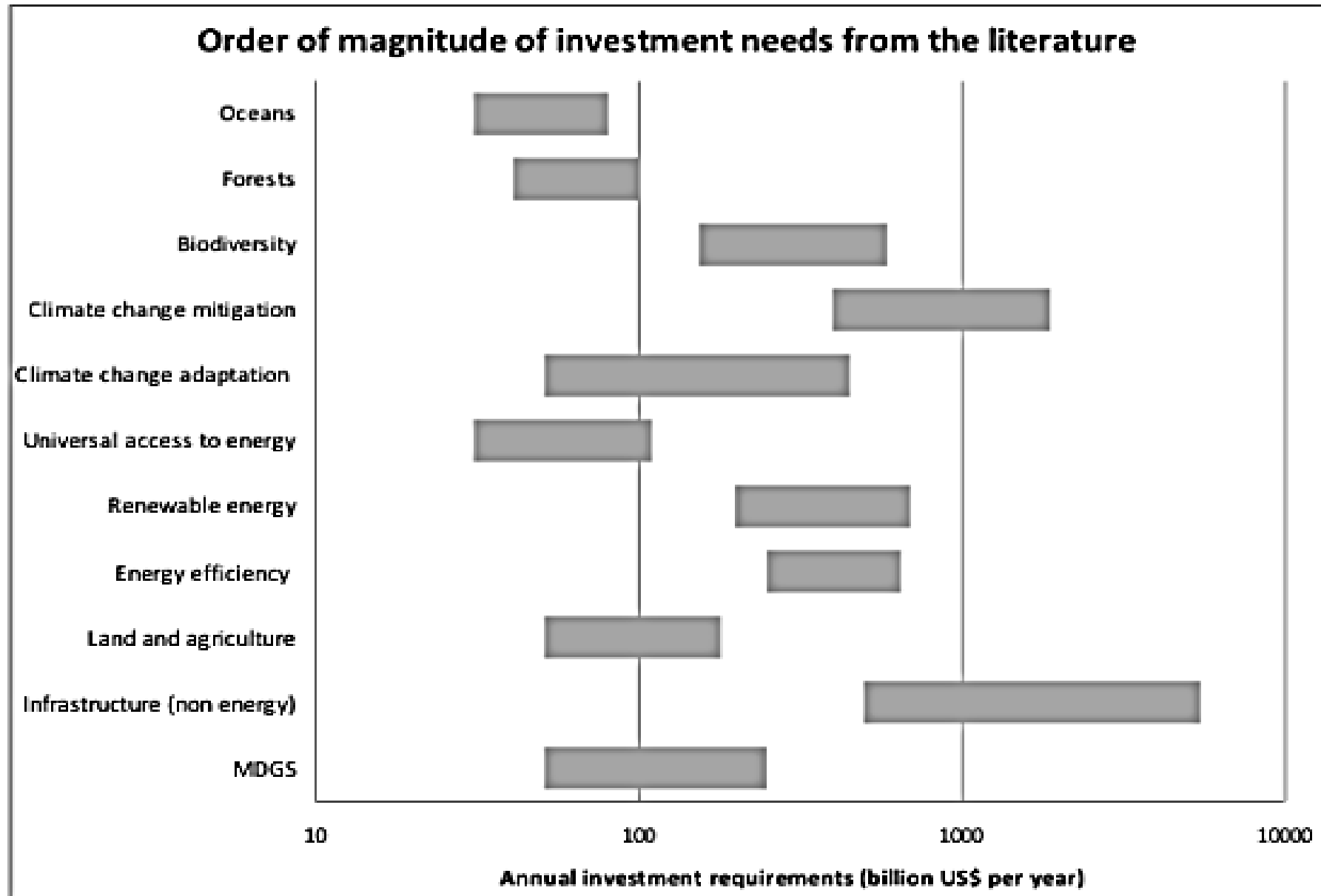
Different Approaches

A common global intent is the Aichi Biodiversity Target 20

- Documenting the values of nature is about communicating tradeoffs irrespective of the units chosen to express those tradeoffs
 - Money communicates trades-off well so most people use money for valuation
 - But does the pricing of “natural capital” imply fungibility?
- Reversing cultural trends to see ourselves again as a part of the larger ecosystem

Funding

- A mismatch between needs and government and donor resources –HLP report Phase 1
- Variety of sources
 - International
 - Domestic
 - Government
 - Private and philanthropic
- Future potential



Source: UNTT Background Paper 1, x-axis in logarithmic scale

Source: Report of the Intergovernmental Committee of Experts on Sustainable Development Financing, 8 August 2014, Figure 2.

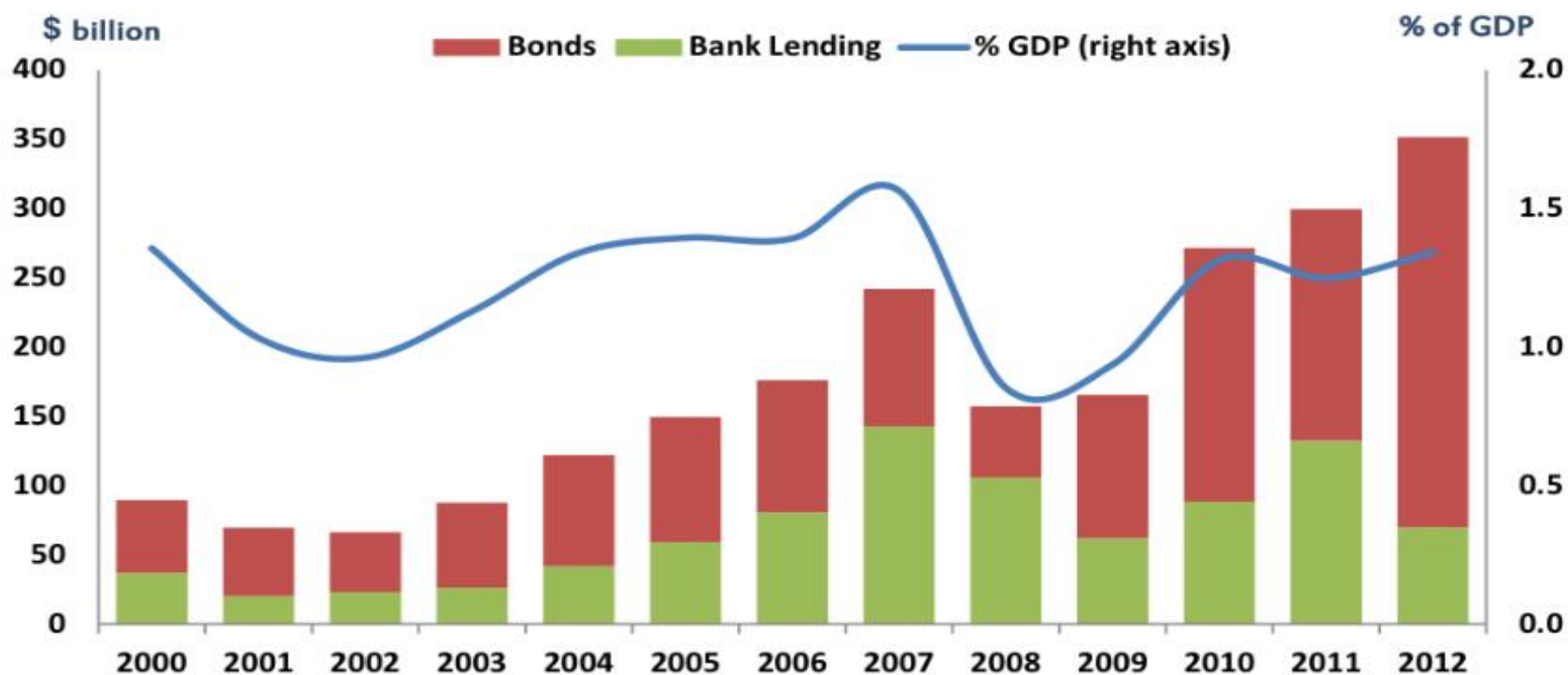
International Flows

- ODA flows were \$128.3 billion in 2012, a decline of 6 percent from 2011.
 - This is 0.29% of donors' combined gross national income, falling significantly short of the Monterrey commitment
 - 1% of this ODA marked for biodiversity programs
- Private aid amounts to approximately \$60-70 billion per year, equivalent to nearly half the net ODA disbursed in one year
- Countries outside the OECD donate an estimated \$18 billion annually

FDI is a dominant private financing modality in most developing countries

Net FDI inflows to developing countries are projected to rebound and reach close to US\$800 billion in 2014, as global economic growth is anticipated to accelerate modestly.

Figure 4.2: International long-term private debt to developing countries



Source: World Bank Development Prospects Group (DECPG).

International flows – climate change

- Climate-related bilateral ODA grew from \$9.5 billion in 2009 to \$23 billion in 2010
- The same study estimates the total climate finance flows from all sources in 2010 at \$343-385 billion of which 74 percent come from the private sector and 21 percent from development finance institutions

Domestic resources

- Domestic revenues mobilization of emerging and developing economies amounted to \$7.7 trillion in 2012, having grown by 14 percent annually since 2000
- In 2010, Sub- Saharan African countries collected \$10 in own-source revenue for every dollar of foreign assistance

Is there enough money – internationally?

- Globally there are ample savings, amounting to US\$17 trillion, and liquidity is at historical highs
- In OECD countries, institutional investors held over US\$70 trillion in assets as of December 2011
- Many of these investors are moving towards socially and environmentally responsible investment strategies
- Also growing rapidly are Sovereign Wealth Funds (SWFs), with assets under management at end 2011 exceeding US\$5 trillion. Emerging markets are home to some of the largest SWFs in the world.

Mobilizing domestic resources

Subsidy reform to redirect public resources to more effective uses. Food and fuels subsidies often disproportionately benefit the wealth and middle class.

- 80% of the \$ 409 billion spent on fossil fuel subsidies throughout the developing world in 2010 went to the poorest 20% of the population.

Figure 2.2: World subsidies to fossil-fuel consumption

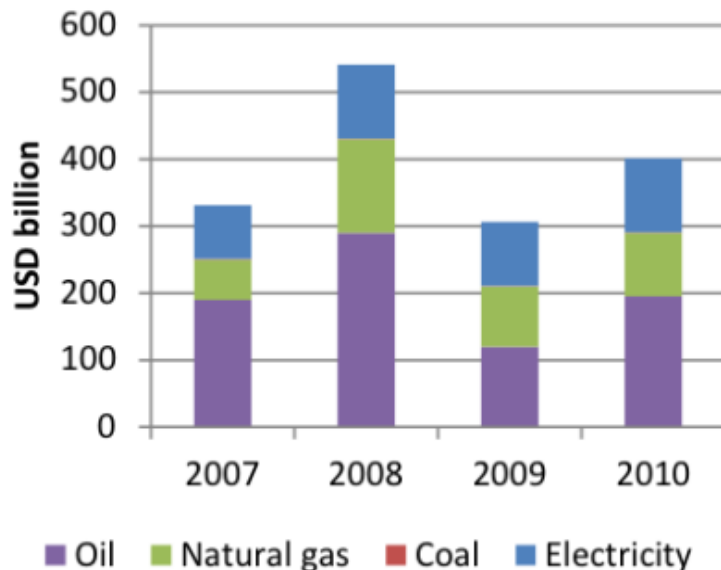
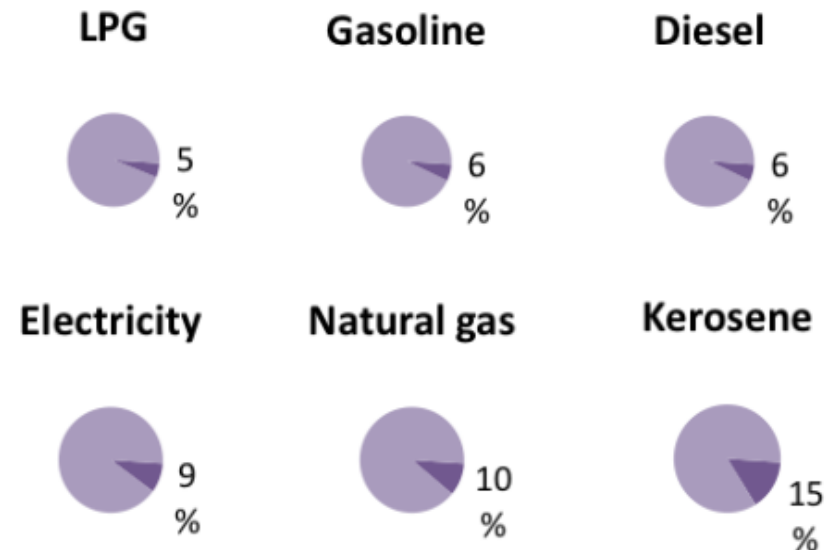


Figure 2.3: Share of fossil-fuel subsidies received by the lowest 20% income group, 2010



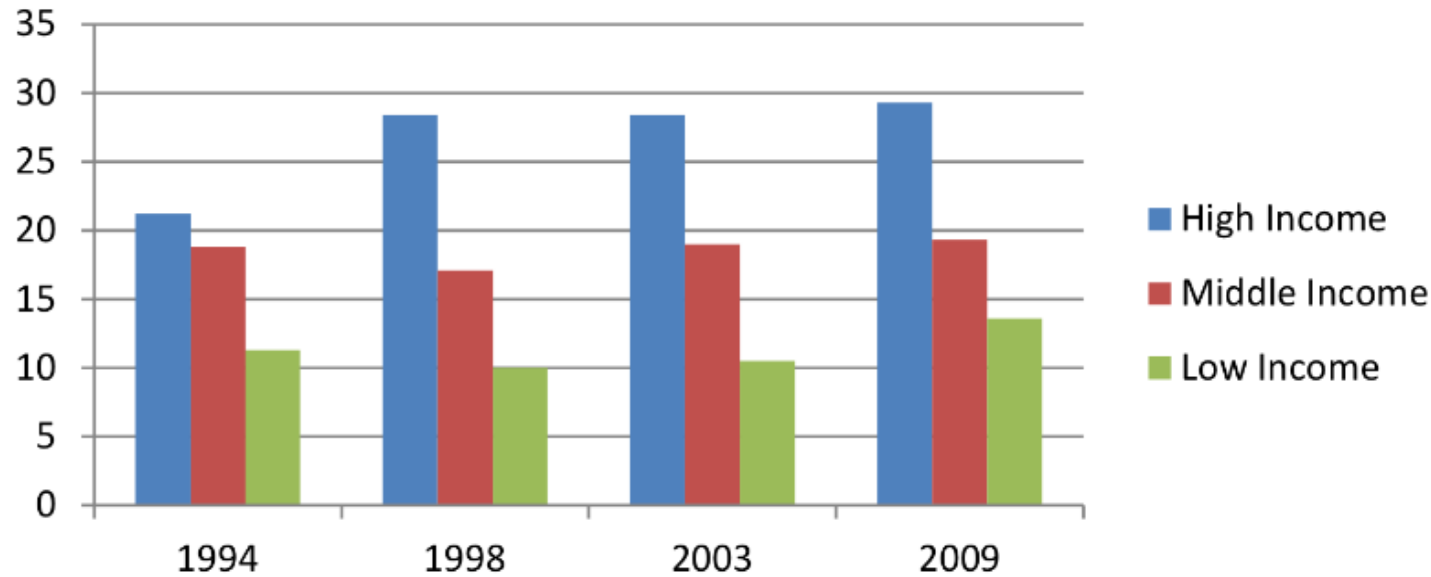
Source: IEA, *World Energy Outlook*, 2011

Source: The World Bank Group. *Financing for Development Post-2015* (September 2013).

Mobilizing domestic resources

- **Public procurement a source for potential savings**
 - Reforms could generate an annual savings of around 15% of government purchases, or roughly \$8 billion per year
- **Improving taxation capacity in lower-income countries**

Figure 2.1: Tax revenue (as a percentage of GDP) by country income group, 1994-2009



Source: World Bank classification and World Development Indicators.

Financing for Development Post-2015

September 2013, World Bank Group

- **Undeniably**, aid has helped low-income countries to lift people from extreme poverty, and it will continue to be an important source of development financing for many countries.
- But with heavy fiscal **pressures** on major donors, constrained MDBs, and a weak global recovery, the approach to financing development needs to evolve by bringing in more actors and instruments
- The **challenge** for individual developing countries is to make themselves more attractive destinations for resource from the private-sector and donors. They can do this by improving the effectiveness with which existing resources are used, enhancing domestic resource mobilization and by making strides to develop and access new sources of financing.
- This will require a foundation of **good policies**, supported by the institutional capacity to implement them. It is along these lines that international partners can make the greatest contribution to financing development in the years ahead.

Resource Mobilization within CBD

- 32 Parties have submitted information using the reporting framework
- 120 developing country Parties in the process of revising/updating NBSAPs that include a resource mobilization strategy
 - Most have made some progress on mainstreaming biodiversity
 - 60% Parties have conducted a case-study on valuation of biological diversity
- 11 developed country Parties submitted revised NBSAPs with few providing a comprehensive resource mobilization strategy

Ongoing initiatives related to resource mobilization

- High-level panel report
- TEEB
- Inclusive Wealth Index
- WAVES
- Natural Capital Protocol
- UNSEEA
- Others

WGRI Recommendation 5/10

1. To develop proposals for concrete and effective actions for implementing Aichi Biodiversity Target 20, to support the achievement of the Strategic Plan 2011-2020, Aichi Biodiversity Targets by 2020 (“Pyeongchang Roadmap”):

- a) **Possible actions for achieving targets as well as associated indicators**, including actions associated with the eight goals of the strategy for resource mobilization and the mainstreaming of biodiversity across government and society;
- b) **Delivery and support mechanisms providing technical support and capacity-building**, including on good practices and lessons learned in applying financial tools and instruments and in enhancing their effectiveness;

WGRI Recommendation 5/10

c) The cataloguing of the capacity-building and technical support instruments that have been made available to Parties ... in order to inform policy development from a toolkit of options that Parties can use to address their resource mobilization needs;

d) Draft options for voluntary guidelines based on the challenges and possible risks of these mechanisms as identified in the document on possible risks and benefits of country-specific innovative financial mechanisms and safeguard;

e) Activities that encourage and support collective action, including by indigenous and local communities, and non-market-based approaches for mobilizing resources for achieving the objectives of the Convention.

WGRI Recommendation 5/10

- 2. Revise the preliminary reporting framework with a view to facilitating financial reporting, in consultation with Parties...**
- 5. Submit the global monitoring report on the implementation of the strategy for resource mobilization**

Proposal for concrete and effective actions

- International level activities
 - Capacity building
 - Knowledge management
 - Pilot projects
- National level activities
 - Assessment of financing baselines, needs and gaps
 - Identify opportunities for integrating biodiversity investments in development projects and financial sources
 - Develop strategies and policies to bridge the biodiversity finance gap with a broadened base of finance
 - Presenting biodiversity investments as solutions to wider problems and challenges

Reporting framework

Revision of the preliminary reporting framework as per paragraph 2 and Annex II of recommendation 5/10:

- bring it into conformity with the targets for resource mobilization;
- improve the guidance to the financial reporting framework,
- cross-reference in the financial reporting framework, pertinent sections of the guidelines for the fifth national report
- First draft circulated by notification 2014/093 of 15/07/2014, inviting review and comments
- Submissions received from: Bolivia, Colombia, European Union, Honduras, India, Japan, Switzerland
- Full submissions available under

<http://www.cbd.int/financial/statistics.shtml>

Recommendation 5/10: Targets (Option 1)

[COP 11 target to double total biodiversity-related international financial resource flows to developing countries, in particular LDCs and SIDS, as well as countries with economies in transition, by 2015 and at least maintaining this level until 2020,

(b) Mobilize domestic financial resources from all sources, including, inter alia, the public sector, the private sector, and, as appropriate, through new and innovative financial mechanisms, to significantly reduce the gap between identified needs and available resources at domestic level, for effectively implementing by 2020 the Strategic Plan for Biodiversity 2011-2020;

•(c) The targets contained in paragraph 7 (b) to (d) of decision XI/4;]

Recommendation 5/10: Targets (Option 2)

- [1. Adopts the following targets [to significantly reduce the gap between identified needs and available resources,] [to substantially increase from current levels the mobilization of resources] from all sources[, inter alia the public sector, the private sector, and, as appropriate, through new and innovative financial mechanisms,]
- (a) Double total biodiversity-related international financial resource flows to developing countries...., [to significantly reduce the gap between identified needs and available resources,];
- (b) Mobilize domestic financial resources [from all sources[, including inter alia the public sector, the private sector, and, as appropriate, through new and innovative financial mechanisms,]] to significantly reduce the gap between identified needs and available resources;

Target 3 milestones

Timeline	Milestone
2015	National target reflecting Aichi Target 3 and inclusion of pertinent action items in revised national biodiversity strategy and action plan (NBSAP) (such as the development of national analytical studies and, based on those studies, the development of policy plans)
2016	Policy action taken on incentives, including subsidies, already known to have harmful effects and already identified as candidates for elimination, phase-out or reform, in form of their elimination or initiation of their phase-out or their reform
2016	Finalization of national analytical studies that identify candidates for elimination, phase-out or reform of incentives, including subsidies, harmful for biodiversity, and that identify opportunities to promote the design and implementation of positive incentive measures
2018	Finalization of policy plans that (i) identify those harmful incentives that are candidates for elimination, phase-out, or reform; (ii) provide for a prioritized list of measures leading to their eventual elimination, phase-out, or reform; (iii) provide for a prioritized list of measures leading to the introduction, or strengthening, of positive incentives for the conservation and sustainable use of biodiversity; (iv) provide for associated timelines and milestones.