

Second Dialogue Seminar on Scaling up Finance for Biodiversity

Resource mobilization and the value of biodiversity,
mainstreaming, financing mechanisms and safeguards

Dialogue seminar | Quito | 9-12 April, 2014



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Conveners: Ecuador, India, Japan, Norway, the Republic of Korea, Sweden, and Uganda, the European Commission and the SCBD

Organisers: The Resilience and Development Programme (SwedBio) at Stockholm Resilience Centre, and local partner IUCN-Sur, and SCBD.

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Convention on
Biological Diversity



Ministerio
del Ambiente



MINISTRY OF ENVIRONMENT
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Purpose

To explore and contribute to understanding and clarify areas of convergence and divergence regarding ways to scale up the mobilization of financial resources, including innovative financial mechanisms, to achieve the 2020 Aichi Biodiversity Targets. Focus on Aichi Biodiversity Targets 2, 3, and 20.

Target 2 –Integration of biodiversity values, **Target 3**- phasing out or reforming harmful subsidies and **Target 20** is on resource mobilization. **Means of implementation** of the Strategic Plan for Biodiversity 2011-2020 and its 20 Aichi target – provision of financial resources and will be primarily implemented through activities at the national level with supporting actions at the regional and global

Participants

Nominations via the CBD Secretariat from Parties and Non-parties, 90 representatives from all regions and included government representatives, members of civil society organisations, intergovernmental institutions, academia, and indigenous peoples.



What was discussed?

- Mainstreaming
- Overview of innovative financial mechanisms (IFMS)
- Governance, safeguards and equity
- Incentives and options for financing– PES, Biodiversity Offsets, Private sector, Fiscal reforms
- Synergies for biodiversity financing – climate change, SDGs (Sustainable Development Goals) and ODA (Official Development Assistance)

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Mainstreaming biodiversity

Assessments of costs and benefits of achieving the Aichi targets

- the High Level Panel on Global Assessment of Resources for Implementing the Strategic Plan for Biodiversity 2011-2020 (HLP-2) – Estimates that between US\$150 - 440 billion is needed to implement the Aichi targets per year
- UNDP- Global Project Biodiversity Finance Initiative (BIOFIN) – Mobilization of financial resources for implementation of the NBSAP – Pilot countries assisted to estimate the financial resources need to implement the NBSAP – How much financial resources is needed, what is available and what is the funding gap - At the end of it a National Strategy for Resource Mobilization is to be developed – raise resources to address the financial gap



Mainstreaming biodiversity continued

Assessing biodiversity values

- A number of methods can be used - dialogue with stakeholders, qualitative and quantitative methods
- Valuation helps in creating visibility and making an economic case for biodiversity. However not every aspects of biodiversity can have economic value attached to it
- Examples from TEEB, Bolivia's , Sweden and Ecuador were presented to inform the dsicussion on assessing biodiversity values. Details of these are available in the summary report of the Co-chairs

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Overview of innovative financing mechanisms

1. Environmental Fiscal Reforms – taxation and pricing measures that can raise fiscal revenues
2. Payment for Ecosystem Services
3. Biodiversity Offsets
4. Markets for green products
5. Biodiversity in climate change financing
6. Biodiversity in international development finance
 - Experiences has been gathered on the above by OECD - *Scaling Up Finance Mechanisms for Biodiversity* (OECD, 2013) and CBD website: www.cbd.int/financial/
 - It was highlighted that these mechanisms need to be country specific
 - Clarity of terminology needed, from IFMs to BFM
 - Participants highlighted the relevance of Access and Benefit Sharing in resource mobilization

Governance, safeguards and equity

- Importance of safeguards for any mechanism, elaborating on the safeguards paper that resulted from Quito I dialogue and was INF doc to COP11, now further elaborated responding to request in XI/4, now presented as INF7 for WGRI-5.
- Importance of country driven safeguards and sharing lessons learned
- Learn from experiences from the safeguards under climate change

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Incentives and options for financing

Payment for Ecosystem Services (PES) – most are publically driven and publically financed, need to build in opportunity costs and sustainability aspects

Biodiversity offsets – When government regulated - level of compensation determined by regulatory authorities. It succeeds best under a legal regime – that makes them mandatory. Voluntary offset can fail in practice

Challenge with offset – finding a common metric or unit in biodiversity offset, skills and knowledge calculating offsets

Postive aspect -if well implemented it is a useful tool for the polluter pays principle to avoid net loss to biodiversity

Concern – may incentivize excessive allocations of permits; may not provide financing for biodiversity – only for no net loss; and may have adverse impacts on local people's livelihoods

What is needed? - safeguards and strong regulatory structures for both market and non-market schemes.

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Access and Benefit Sharing (ABS)



- Importance of benefit sharing as the third objective of the CBD
- Examples of advancements from Nigeria and India was presented.
- Monetary benefits may include fees for sample gathering, up-front, milestone and loyalty payments, funding for research, fees for use and commercialisation that contribute to conservation and sustainable use of biodiversity, and joint ventures, including shared intellectual property rights.
- Non-monetary benefits may include collaboration, technology transfer cooperation and contribution to scientific research and development programmes by enabling sharing of resources and results and the exchange of knowledge and expertise for education and training.
- Safeguards were discussed as important because they could contribute to local economies and provide clarity towards priority needs such as food security or health.

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Private sector including the financial sector

- The importance of both incentivizing more biodiversity-friendly business conduct, as well as effectively tackle corporate behaviour with negative impact on biodiversity
- The private sector's role as an important source for taxation revenues as well as examples of business taking lead as forerunners
- The different views, hopes, concerns and opposition to financialisation of biodiversity through trading derivatives and green/forest bonds
- The importance of making clear distinctions between different kinds of private sector actors
- Loss of biodiversity and ecosystem services negatively impact on business





Fiscal reforms and international levies

- Redirection of harmful subsidies to positive subsidies for biodiversity (Example over up to 80% of the global total fishing subsidy estimate of \$35 billion are harmful subsidies that stimulate overfishing)
- Working with green incentives and taxes – both income taxes and new forms such as financial transaction taxes and air ticket levies, as well as curbing tax evasion
- Examples included: Brazilian Ecological Fiscal Transfers as a compensation mechanism for municipalities using ecological indicators to access revenues of a state-collected VAT-like tax with local governments.
- Ecuador have positive experiences of earmarking tax revenues while in Brazil this is against the constitution.

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Synergies for biodiversity financing, in terms of climate change, SDGs, and ODA

- Integrating Aichi Targets in SDGs - for efficiency in resource use and efficient implementation of SDGs.
- ODA – leveraging funding from other sources and as direct support for biodiversity. Potential win-win situations regarding financing for climate change and biodiversity.
- Important to mainstreaming biodiversity in development cooperation.
- GEF demonstrated how the different GEF windows contribute to Aichi Targets.





Open space with topics suggested by participants

- *Moving forward practically, including the COP Process* - Sharing of experiences, database, bilateral and regional exchange, NBSAPs
- *Trust funds* - 500 Environmental Trust Funds, Philanthropy, Crowd-sourcing through on-line donations and social media
- *Scale and localisation – indigenous peoples and local communities* - Scaling down to communities, small-scale local financial resources should not be over-looked
- *The bigger picture* - Drivers of loss, such as consumption and production, content of economic growth
- *Synergies with other issues and areas* - NBSAPS cross cutting in natural resource governance, synergy implementation with other Rio Conventions, engage Ministers of finance
- *Trading and Financialisation* - Secondary markets, speculation and creation of environmental bonds

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Outstanding issues, synthesis and the way forward

- Progress towards a more common understanding of the issues and the various viewpoints;
- Importance of implementing NBSAPs - needs resources
- Mainstreaming biodiversity
- Need for developing guiding principles on safeguards; and strong public institutions and regulatory structures
- Terminology - IFMS to BFM
- List of mechanisms (IFMs) could be updated with the new measures, but not repeat negotiations, need implementation instead
- Road map COP 12 – After COP12 new Quito or AHTEG or ?



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Quito II

- UNEP/CBD/WGRI/5/INF/9
Co-Chairs' summary
- <http://www.cbd.int/doc/?meeting=DS-FB-02>
Co-chairs summary,
presentations, programme,
background info, documents
and papers
- Safeguards discussion paper:
CBD/WGRI/5/INF/7

