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# The Biodiversity Finance Initiative (BIOFIN)

## *Mobilising Resources for Biodiversity and Sustainable Development*

Sept 2015

# BIOFIN – Objectives & Overview

This project is co-funded by the European Union

Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety

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- **Overarching objectives of BIOFIN:**
  - Develop and pilot a new approach and methodology to fill the gap
  - Support parties in reporting on resource mobilisation to CBD
  - Build on and help finance the implementation of NBSAPs
  - Transform national-level enabling environment for countries to better mobilise and align domestic and international biodiversity finance
- Initial US$ 5m from EU to develop methodology and pilot in 8 countries (2012-15)
- Jan 2015: US$ 28m from Germany (22m), EU, Norway, Switzerland & Flanders

# BIOFIN – Scope

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Norwegian Ministry of Foreign Affairs

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## Two Main Axes of Work:

1. Global
2. National

# BIOFIN – Axis 1: Global Work

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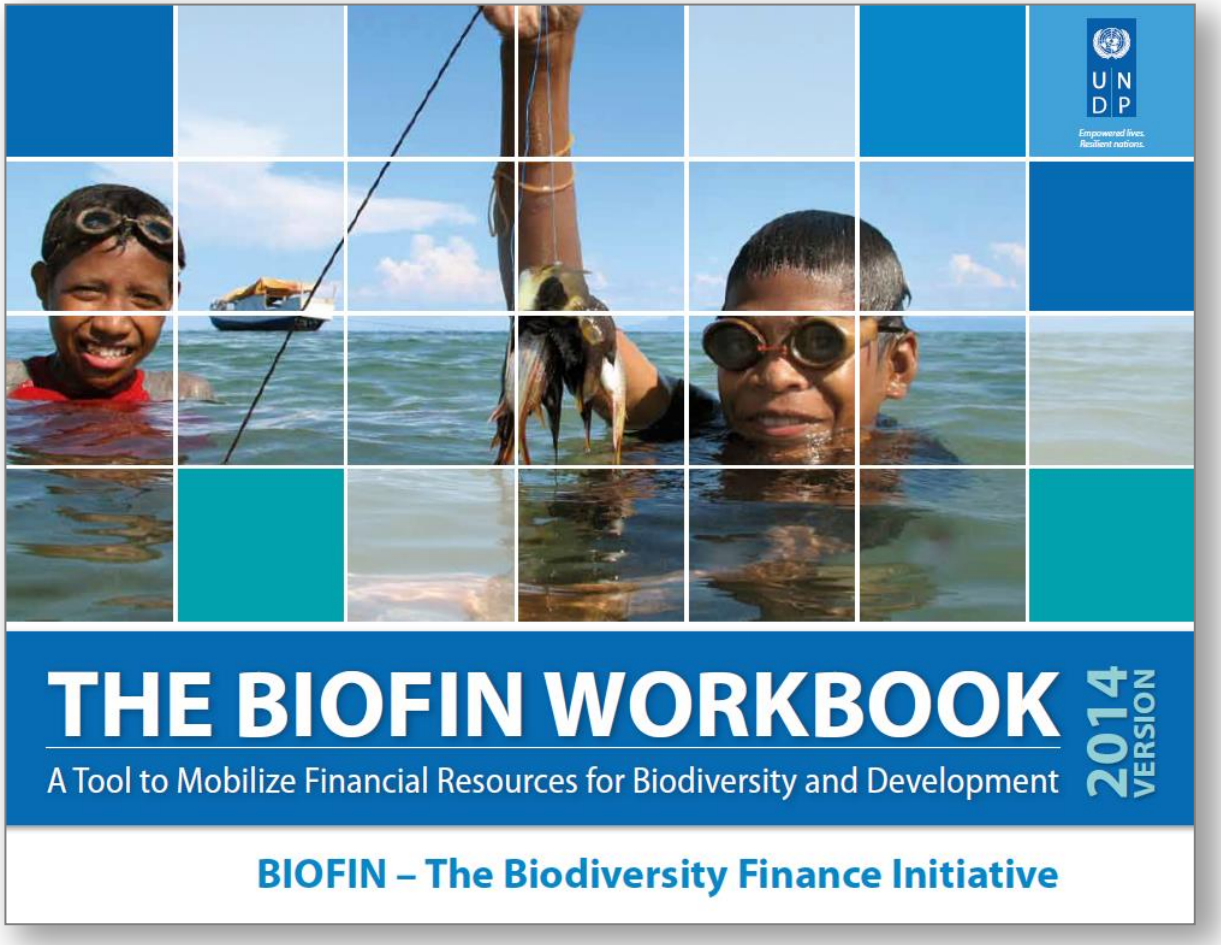
**2013-2014: Develop & Peer Review Approach & Assessment Methodologies**



# BIOFIN – Axis 1: Global Work

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## 2013-2014: Develop & Peer Review Approach & Assessment Methodologies

### WORKBOOK 1C: PUBLIC AND PRIVATE BIODIVERSITY EXPENDITURES AND EFFECTIVENESS

### SECTION 1: OVERALL NATIONAL BUDGETARY AND EXPENDITURE SNAPSHOT

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Total government budget | Additional notes | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | |
| Total government expenditure | Additional notes | | | | | | | | | |
| Gross domestic product | Additional notes | | | | | | | | | |

### SECTION 2 AND 3: BASELINE BIODIVERSITY-RELATED EXPENDITURE AND EXPENDITURE EFFECTIVENESS REVIEW

| Finance Actor, Sector and Department | Budget information | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|
| Enter finance actor 1 | Total budget | | | | | | | | | |
| | Total actual expenditures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total biodiversity budget | | | | | | | | | |
| | Total biodiversity-related expenditures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Enter sector for Actor 1 | Mainstreaming expenditures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Sustainable resource use expenditure | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Protection expenditures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Restoration expenditures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Enter agency or deparment for Actor 1 | ABS expenditures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Enabling expenditures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | All other biodiversity expenditures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Overall effectiveness of expenditures | no data | no data | no data | no data | no data | no data | no data | no data | |
| | Total harmful expenditures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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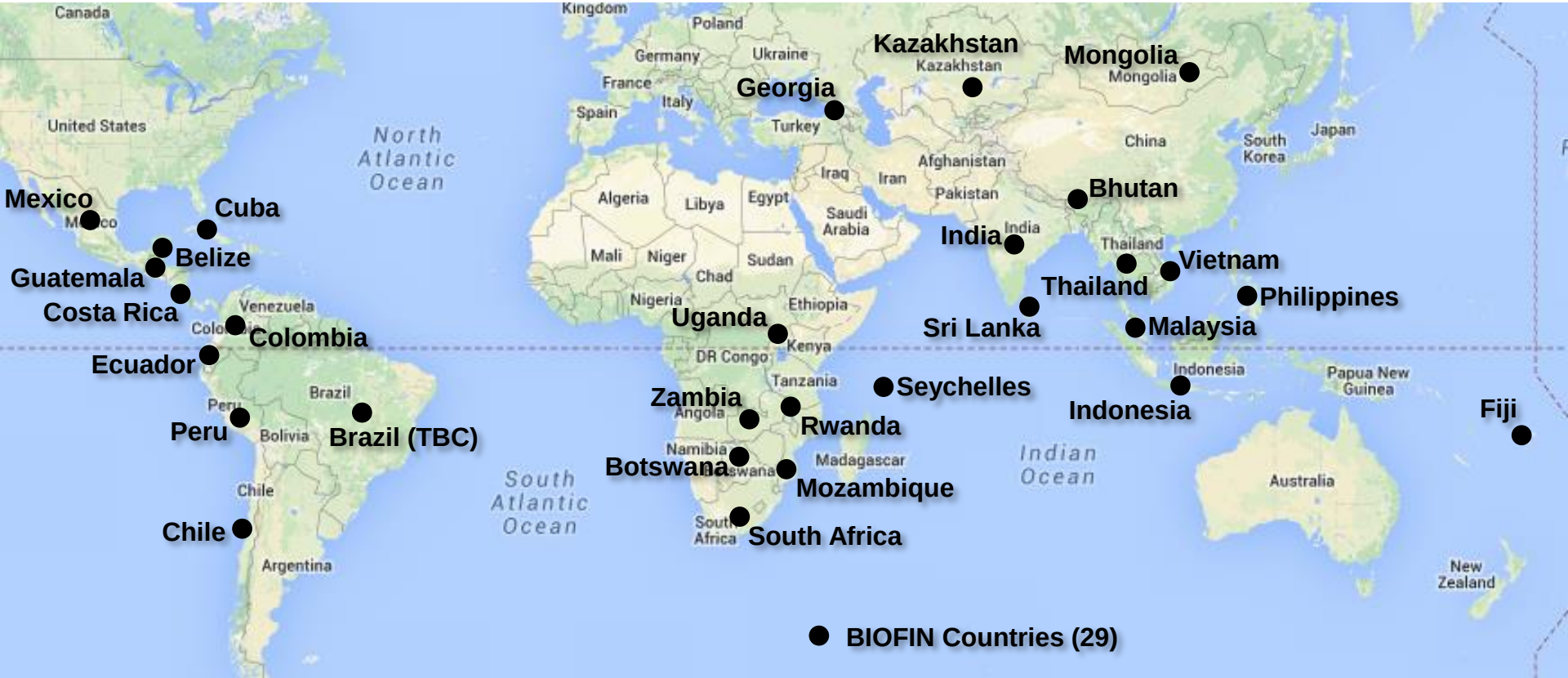
## Two Main Axes of Work:

1. Global
2. National

# BIOFIN – Axis 2: National Work

- Pilot/implement in 29 core countries (June 2015)
- Core country national budgets: from $468,000 to $1,000,000
- Outreach to <u>non-core countries</u> globally:
  - regional nodes (S-S cooperation)
  - UNDP-BIOFIN / CBD training and expert workshops on resource mobilisation



# Approach

- Policy and Institutional Review (PIR)
- Biodiversity Expenditure Review (BER)
- Biodiversity Financing Needs and Gap
- Biodiversity Finance Plan (Resource Mobilisation)
- Initial Implementation of the Resource Mobilisation Strategy

# Policy and Institutional Review

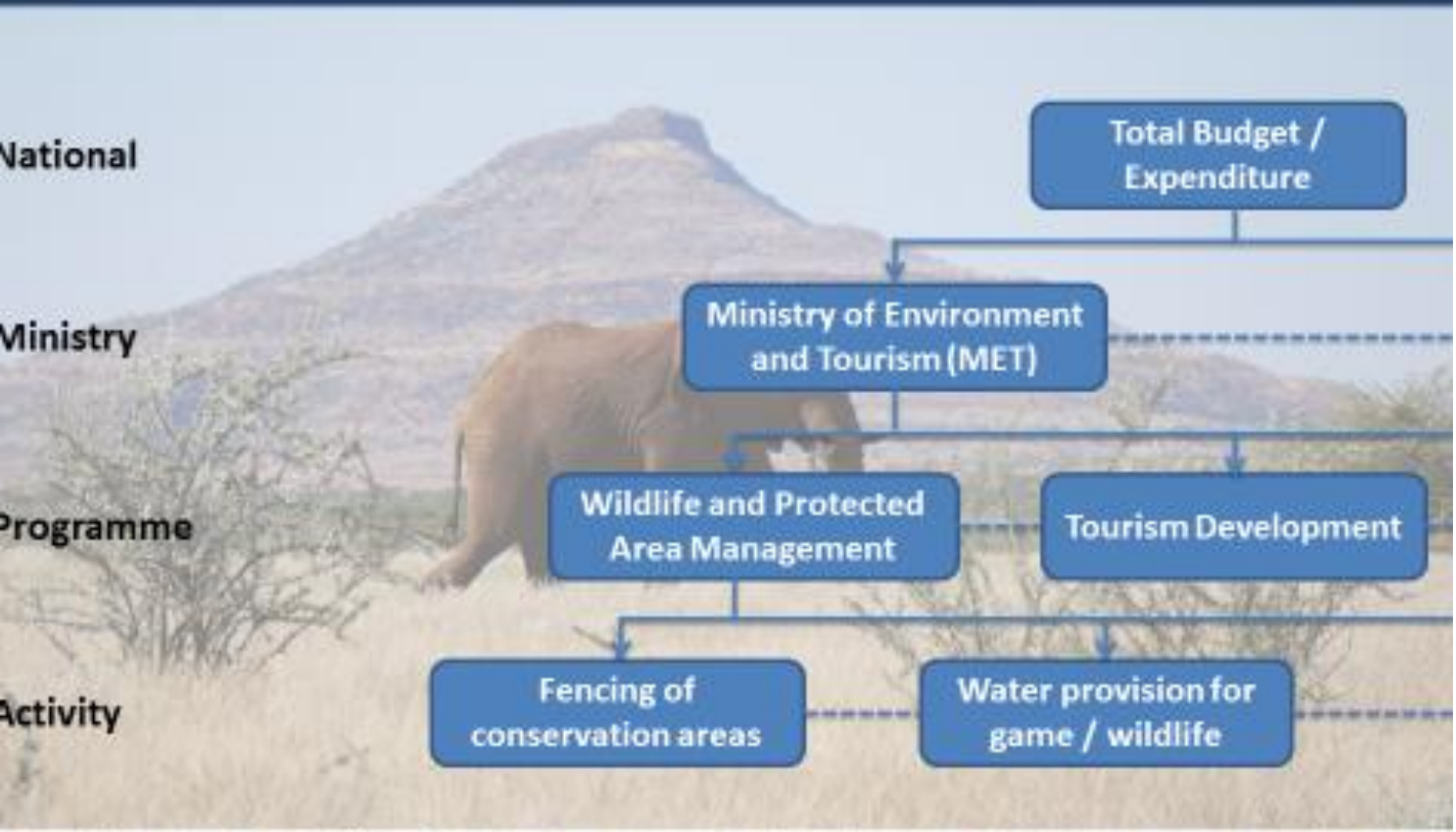
- Identifying national vision and key trends for biodiversity and sustainable development
- Identifying sectoral interactions with biodiversity, ecosystems and ecosystem services
    - Status and trends in biodiversity and biodiversity valuation
    - Key economic sectors and their interaction with biodiversity and ecosystem services
    - Prioritized set of key sectors
    - Financial and economic drivers of biodiversity trends
- Current status of biodiversity finance in the country
    - Finance mechanism currently in use in the country, identify:
    - Major government subsidies, identify the following:
    - Biodiversity finance legislation, laws, acts that contribute to drivers,
- Identifying key biodiversity finance actors and stakeholders
- Identifying institutional arrangements and dimensions in biodiversity finance

# Biodiversity Expenditure Review

- Identifying national-level public sector data
- Analyzing public and private biodiversity-related expenditures
- Projecting future expenditures (from historical expenditures and other information)
- Assessing biodiversity-harmful expenditures
- Assessing biodiversity-generated revenue
- Conducting summary analyses of biodiversity expenditure review
  - Total budget with total expenditure, biodiversity-related budget with biodiversity-related expenditures, and biodiversity expenditures with total expenditures on an annual basis

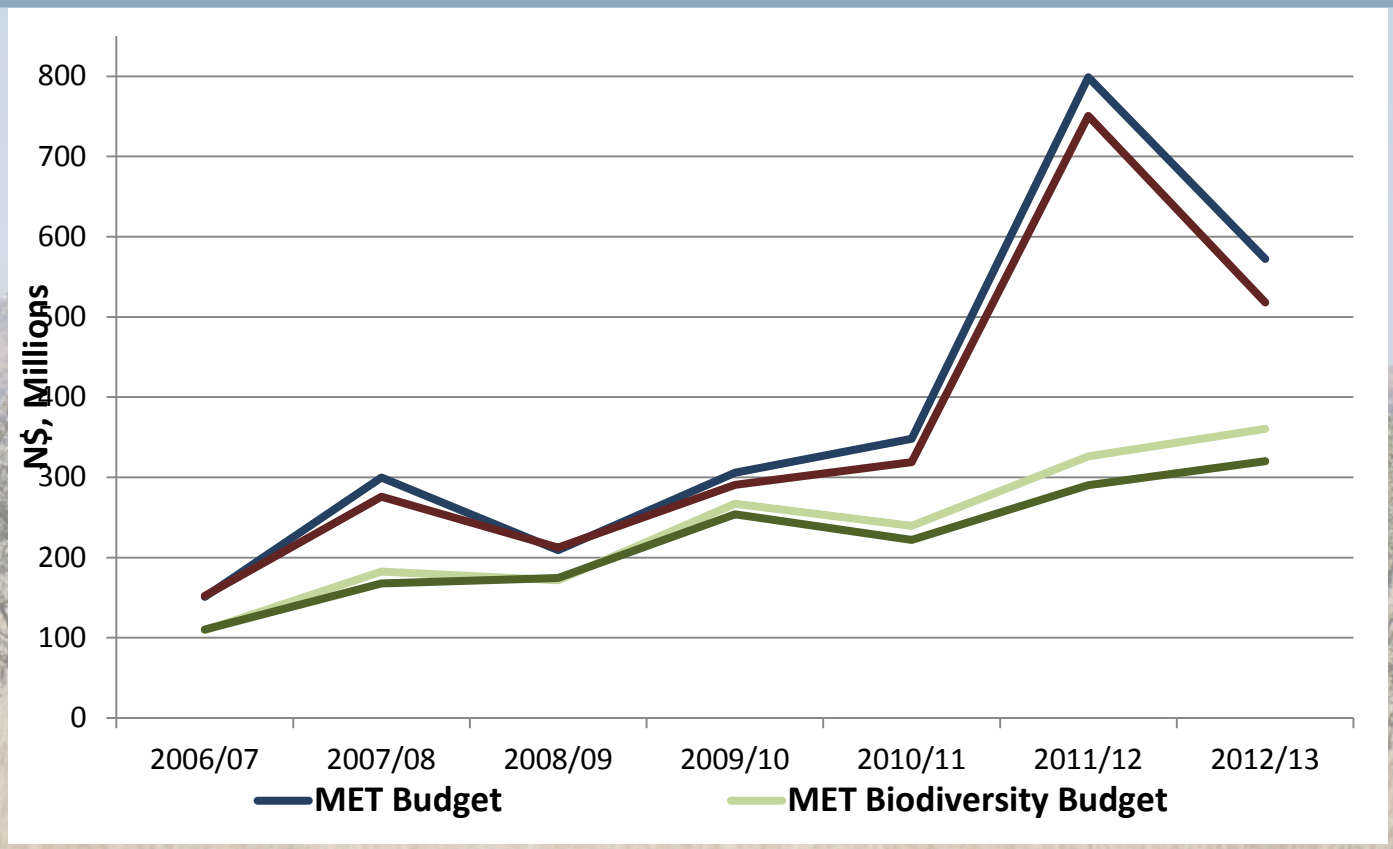
# Namibian Government Biodiversity Expenditure Review

*Disaggregating Budget and Expenditure Data*



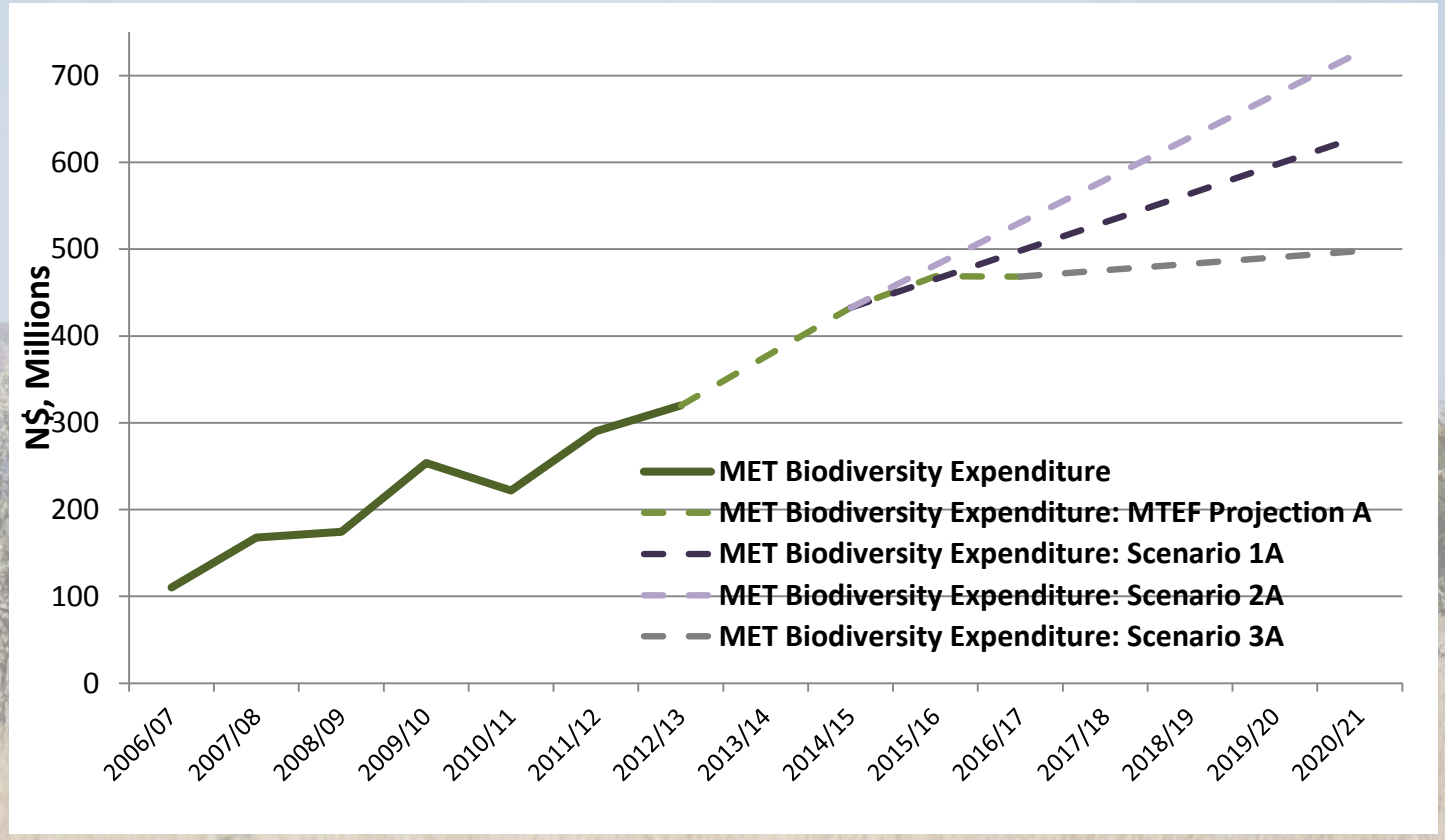
# Namibian Government Biodiversity Expenditure Review

## *MET Budget and Expenditure Estimates: 2006/07 – 2012/13*



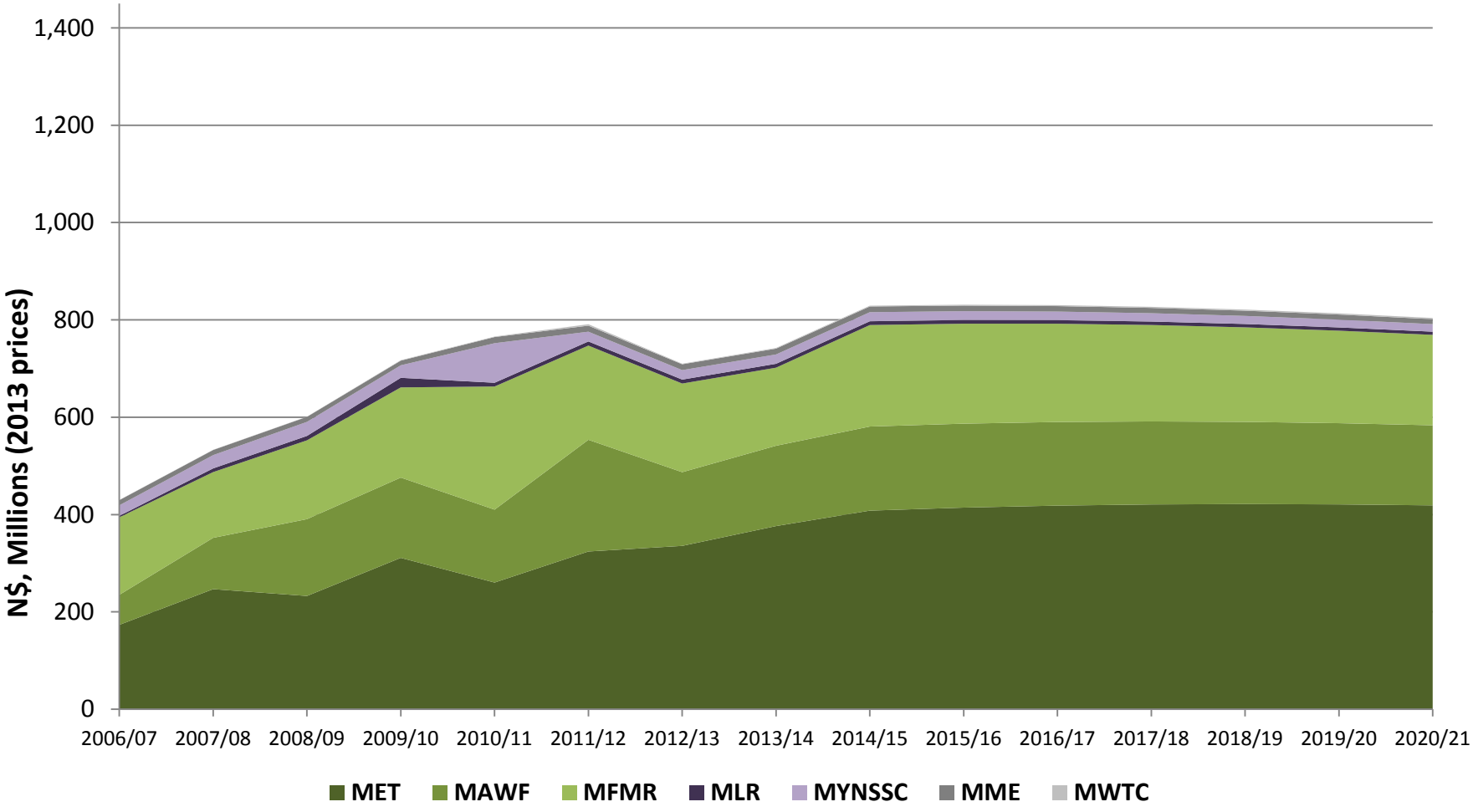
# Namibian Government Biodiversity Expenditure Review

## *MET Biodiversity Expenditure Projections: 2006/07 – 2012/13*

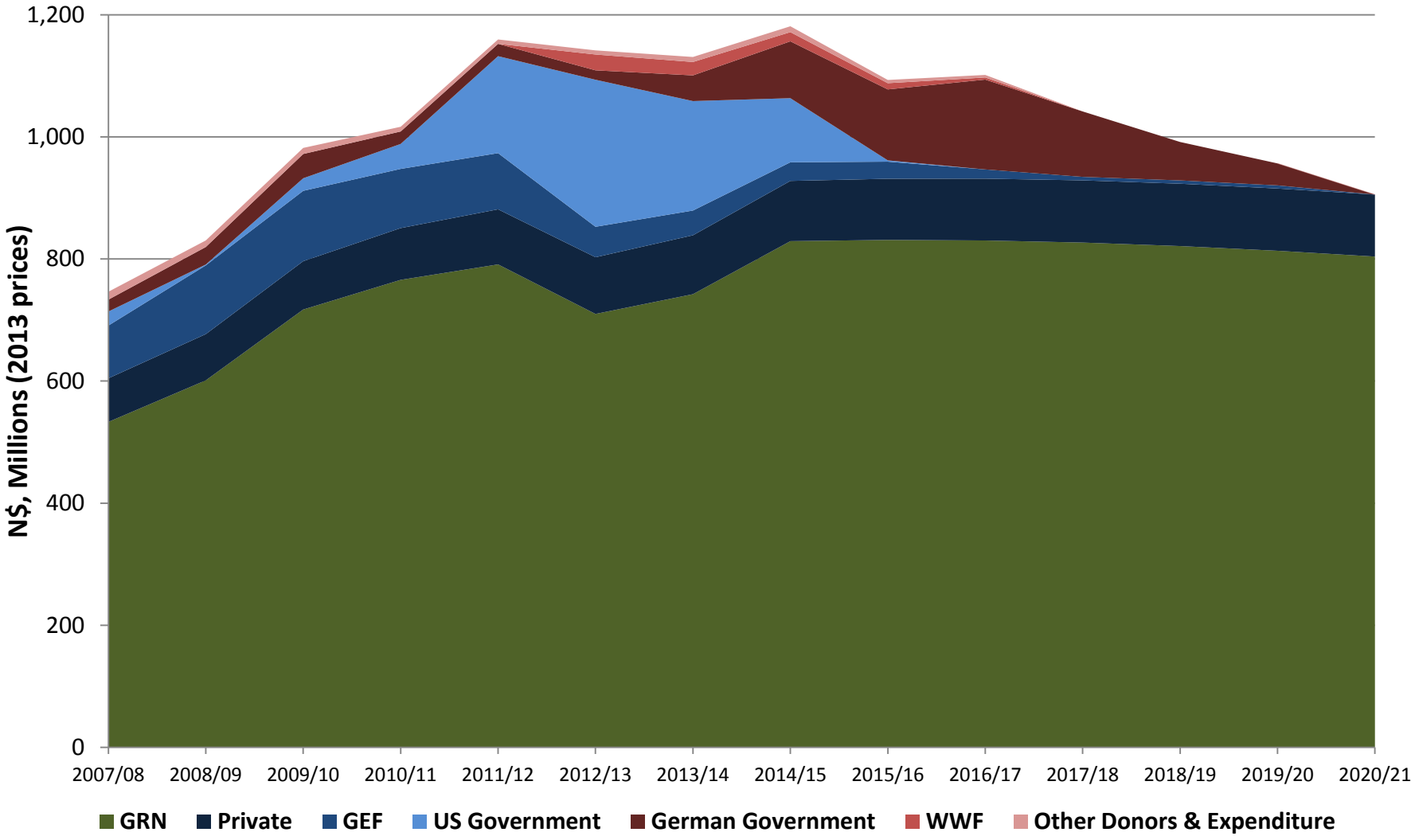


# Namibian Government
# Biodiversity Expenditure Review

*Real Govt. Biodiversity Expenditure & Projections: 2006/07–2020/21*

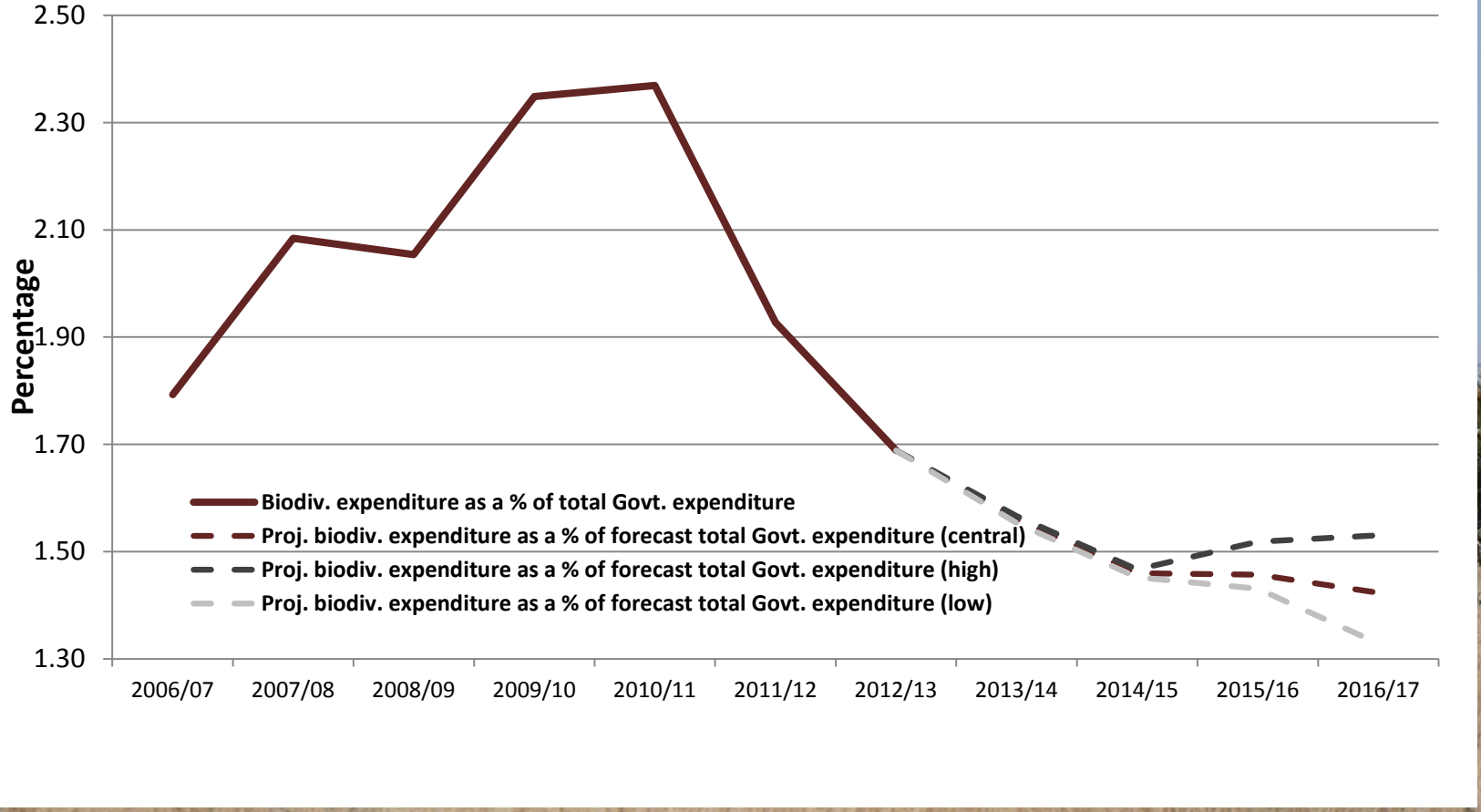


# *Namibia - Real Total Biodiversity Expenditure: 2007/08 –2020/21*



# Biodiversity Expenditure and National Indicators

## *Biodiversity Expenditure as a Percentage of Total Govt. Expenditure*



# Biodiversity Finance Needs Assessment

- Identifying the key biodiversity actions to be included in the biodiversity finance needs assessment
- Determining the costs of implementing the NBSAP and other key biodiversity actions
- Analyze biodiversity costs
  - Financial actor or set of actors
  - Action or set of actions
- Analyzing biodiversity finance gaps

# The Pre-Work

- Analysis of BIOFIN Methodology
- Analysis of PBSAP
- Designing of Costing Templates
- Tagging strategies w/ Aichi Targets
- Desk Research
- Formulate Cost Assumptions and Activities
- Workshop methodology

# Clarify NBSAP Activities / Results

- Categories – BIOFIN, Aichi Targets, National Strategies
- Clear Targets
  - Are they quantified?
  - Geographical?
- Clear Activities / Actions / Programs
- Specific Quantitative Results per Activities
- Initial Costs Assessments
- Reality Check - Cost Effectiveness, Cost Savings
- Refinement of Activities / Results / Targets

# ARE THESE STATEMENTS "COSTABLE" OR NOT?

Example 1 . Implement Ballast Water Convention provisions consistent with national legislation

Example 2. Rehabilitate priority inland wetlands including peatlands

Example 3. Harmonize research with conservation agenda

Identification of all activities and sub activities leading to the targets

| Rehabilitate priority inland wetlands including peatlands |
| --- |
| Management of settlements in wetlands is designed and implemented |
| Reforestation is implemented |
| Soil conservation technologies in priority wetlands are implemented |
| Identify marsh areas that are degraded |

Use of Accounting Codes based on Government Chart of Accounts

| | |
|---|---|
| | **Personnel Services** |
| 701-734 | personnel and staff |
| | **MOOE** |
| 799 | professional services and consultants |
| | Travel |
| 751 | local travel |
| 752 | foreign travel |
| | Communications |
| 771 | postage and deliveries |
| 772 | landline |
| 773 | mobile |
| 774 | internet |
| 775 | cable, satellite |
| 781 | Printing and publications |
| 782 | Rent |
| 766-767 | utilities |
| 761 | gasoline, oil and lubricants |

Research on unit costs of common costs

- Salaries of government personnel (per grade)
- Fees of consultants
- Costs of meetings
- Costs of travel
- Costs of equipment
- Cost of reforestation
- Labs
- Bird bands
- Supplies and equipment

All found in Annex to Cost Report

Preparation of cost spreadsheet per thematic area / per issue

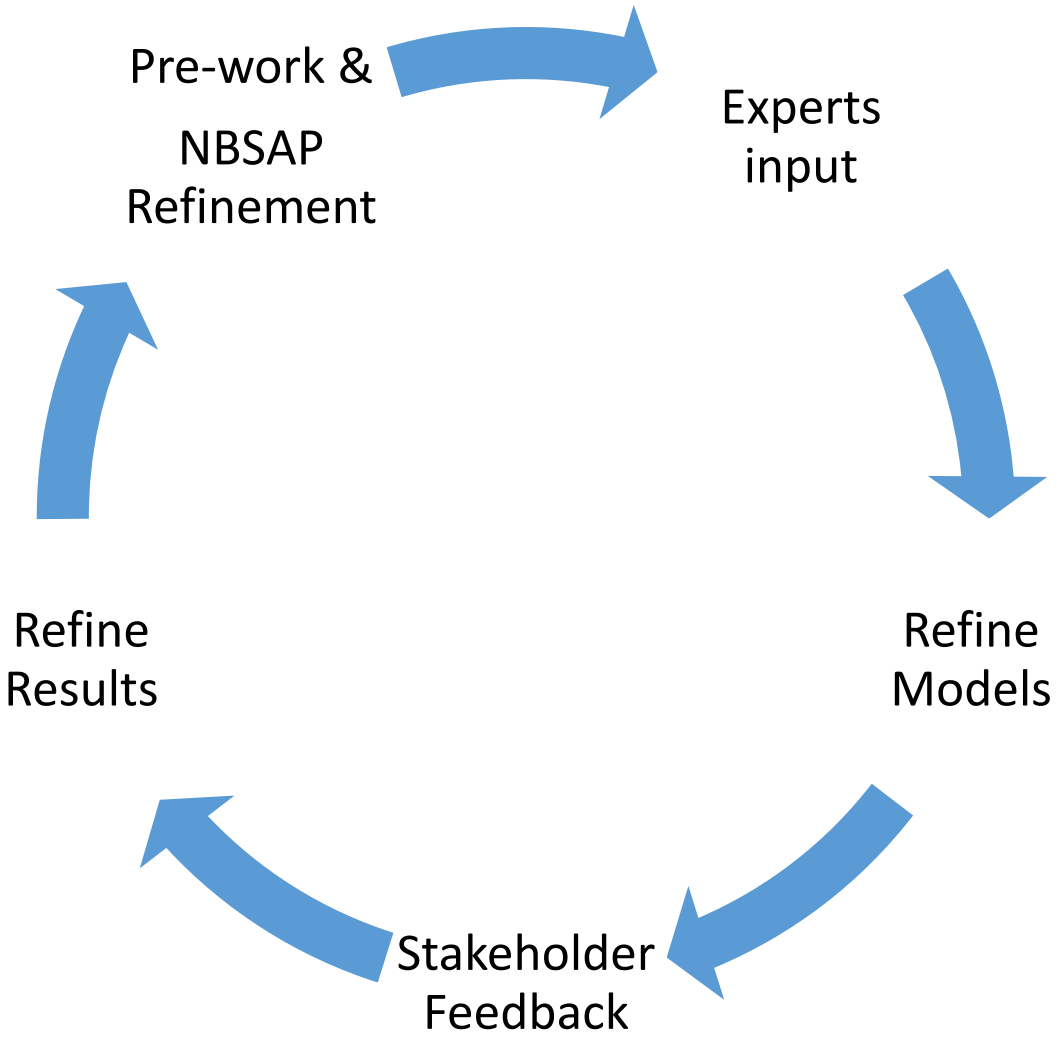
- Unit costs
- Quantities
- Low Scenario
- High Scenario

**AGROBIODIVERSITY**

**Strategy: Improve the status of agrobiodiversity and promote biodiversity-friendly agriculture**

| Direct Actions | ACTIVITIES/ ITEMS FOR COSTING | UNIT COST (LOW) | UNIT COST (HIGH) | UNIT | FREQUENCY | DAYS | TOTAL COST (LOW) | TOTAL COST (HIGH) |
|---|---|---|---|---|---|---|---|---|
| | | PhP | PhP | | | | PhP | PhP |
| 1. Increase the number of in situ and ex situ sites that conserve and propagate diverse indigenous species and varieties | PERSONNEL | | | | | | | |
| | Personnel (DA) | 2,669,412 | 2,669,412 | PhP lump sum per year per site | 4 | | 10,677,648 | 10,677,648 |
| | MOOE | | | | | | | |
| | Consultant | | | | | | | |
| | Plant Breeding Specialists | 135,000 | 180,000 | PhP per man-month | 10 | | 1,350,000 | 1,800,000 |
| | | | | | | | | |
| | Travel | | | | | | | |
| | Transportation | 12,000 | 13,800 | PhP per pax | 6 | | 72,000 | 82,800 |
| | Per diem | 1,500 | 8,325 | PhP per pax | 5 | 8 | 60,000 | 333,000 |
| | Other MOOE | | | | | | | |
| | Training | 90,000 | 427,750 | PhP per pax | 2 | 3 | 540,000 | 2,566,500 |
| | Internet | 600 | 690 | PhP per unit per month | 180 | | 108,000 | 124,200 |
| | Gasoline, oil and, Lubricants | 4,000 | 4,600 | PhP per month | 36 | | 144,000 | 165,600 |
| | Repairs, Maintenance and Improvement | 450,000 | 517,500 | PhP lump sum per site | 4 | | 1,800,000 | 2,070,000 |
| | Supplies and materials | 130,000 | 149,500 | PhP lump sum per pax per site | 4 | | 520,000 | 598,000 |
| | Other supplies and materials | 1,696,006 | 1,950,407 | PhP lum sum for accession cost per site | 4 | | 6,784,024 | 7,801,628 |
| | Water expenses | 2,150 | 2,473 | PhP lump sum per month per site | 36 | | 77,400 | 89,010 |
| | Electricity | 12,900 | 14,835 | PhP lump sum per month per site | 36 | | 464,400 | 534,060 |
| | Research Exploration and Development Expenses | 29,670 | 34,121 | PhP per site | 4 | | 118,680 | 136,482 |
| | Subsidies and donations to LGUs | 900,000 | 1,035,000 | PhP lump sum per site | 4 | | 3,600,000 | 4,140,000 |
| | Subsidies and donations to NGOs | 1,500,000 | 1,725,000 | PhP lump sum per site | 200 | | 300,000,000 | 345,000,000 |
| | Establishment and funding support for new CB breeding program | 7,875,000 | 9,056,250 | PhP lump sum per site | 2 | | 15,750,000 | 18,112,500 |
| | Capital Outlay | | | | | | | |
| | Office building/ laboratory | 3,000,000 | 3,450,000 | PhP lump sum per site | 4 | | 12,000,000 | 13,800,000 |
| | Office equipment | 140,000 | 161,000 | PhP lump sum per site | 4 | | 560,000 | 644,000 |
| | **SUB-TOTAL** | | | | | | **354,626,152** | **408,675,428** |

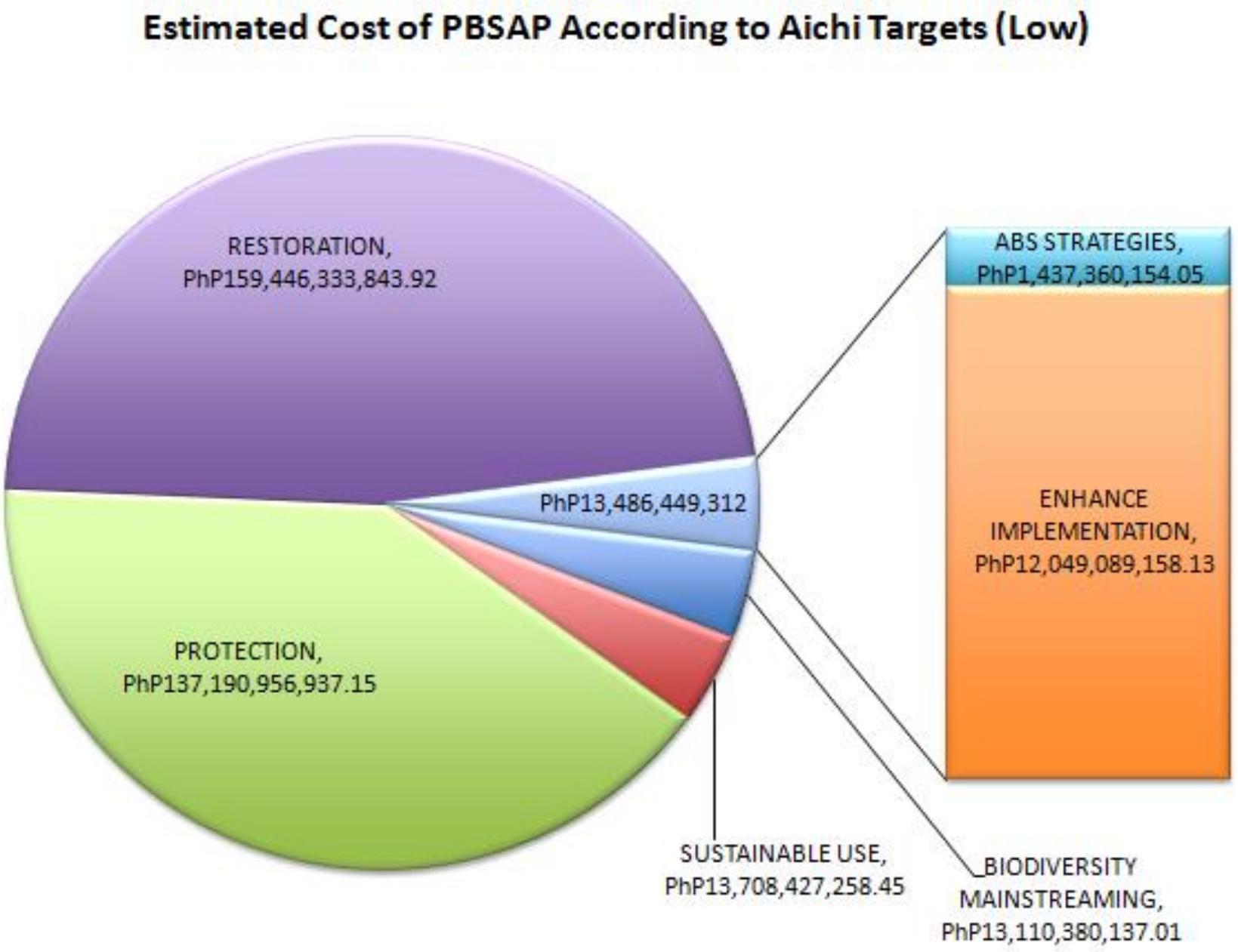
# Budgeting Refinements



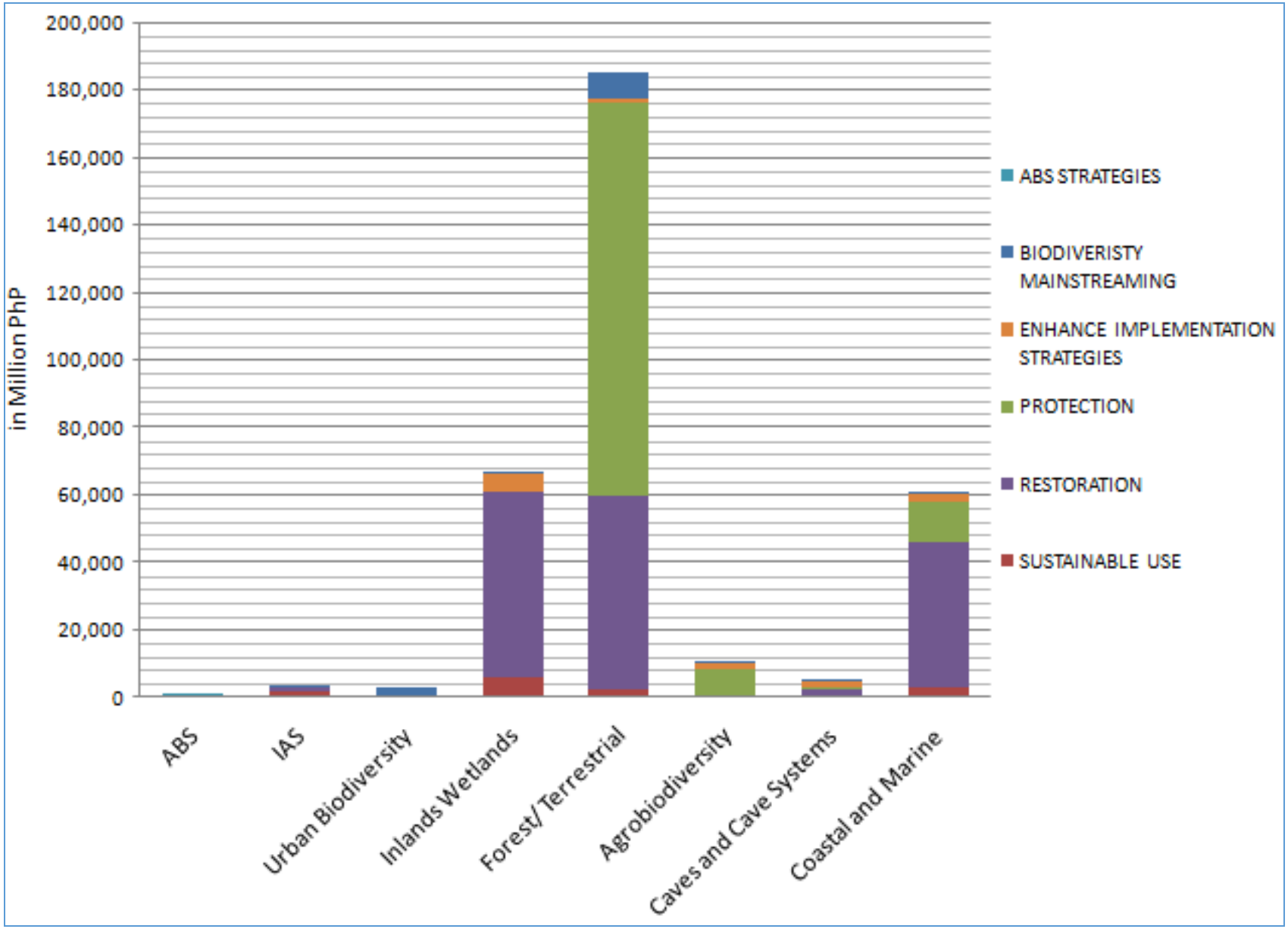
# Summary of Cost per Thematic Area

| THEMATIC AREA | LOW | | HIGH | | PERCENTAGE |
|---|---|---|---|---|---|
| | PhP | USD | PhP | USD | |
| ABS | 1,437,360,154 | 31,941,337 | 1,822,595,204 | 40,502,116 | 0.4% |
| IAS | 3,430,242,055 | 76,227,601 | 4,190,651,067 | 93,125,579 | 1.0% |
| URBAN BIODIVERSITY | 2,779,459,958 | 61,765,777 | 3,726,644,438 | 82,814,321 | 0.8% |
| INLAND WETLANDS | 67,099,361,104 | 1,491,096,913 | 77,745,127,907 | 1,727,669,509 | 19.9% |
| FOREST/ TERRESTRIAL | 185,338,276,089 | 4,118,628,358 | 214,078,338,789 | 4,757,296,418 | 55.0% |
| AGROBIODIVERSTIY | 10,879,902,182 | 241,775,604 | 13,091,891,532 | 290,930,923 | 3.2% |
| CAVES & CAVE SYSTEMS | 5,368,174,648 | 119,292,770 | 7,626,725,164 | 169,482,781 | 1.6% |
| COASTAL & MARINE | 60,609,771,298 | 1,346,883,807 | 69,890,187,089 | 1,553,115,269 | 18.0% |
| **TOTAL** | **336,942,547,489** | **7,487,612,166** | **392,172,161,190** | **8,714,936,915** | **100%** |

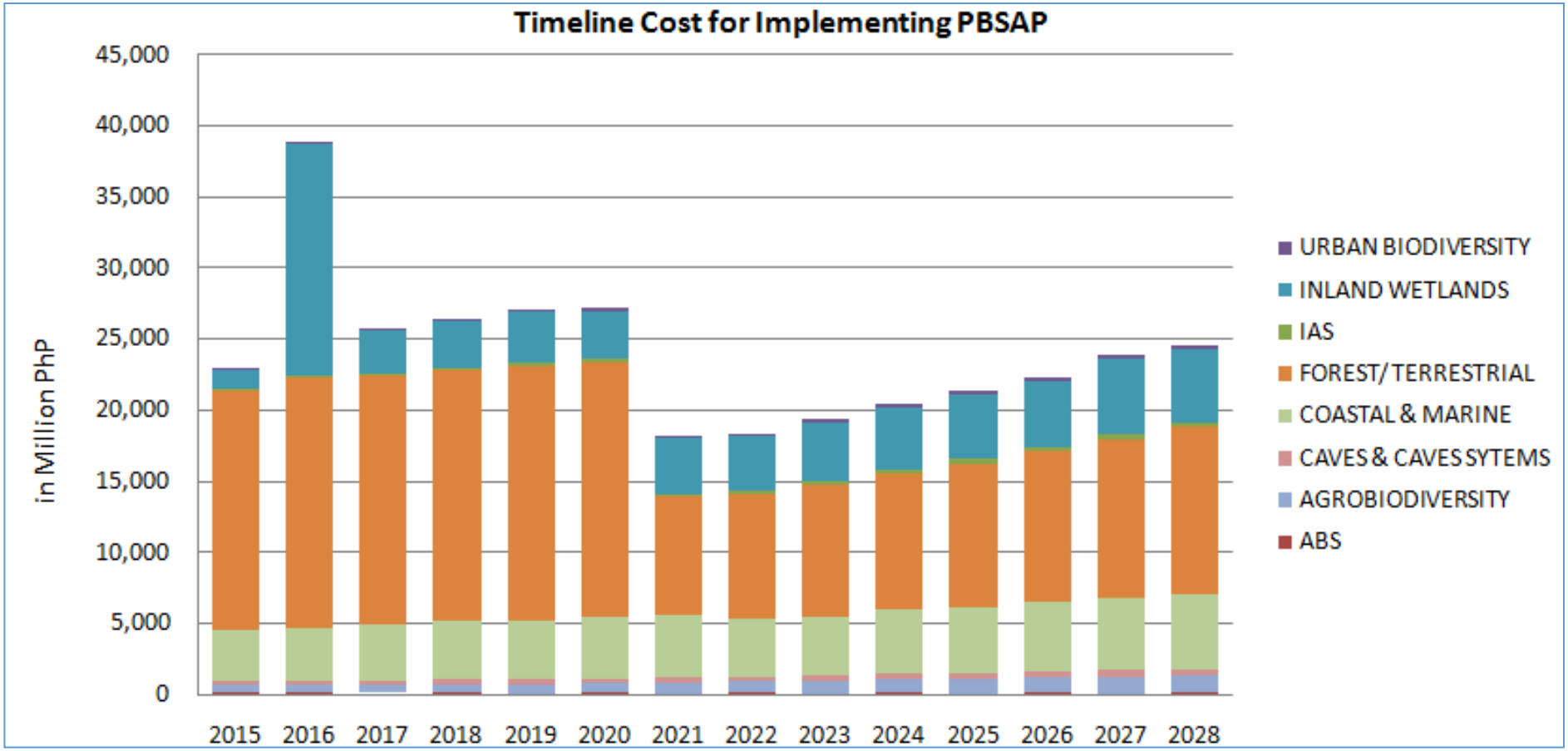
# Estimated Cost of Implementing PBSAP



# Estimated Cost of Implementing PBSAP



# Estimated Cost of Implementing PBSAP




An average of **PhP24 Billion pesos** (USD 534 million) is required on a yearly basis from 2015-2028 (Low Scenario)

# Biodiversity Finance Plan

- Review and analyze results of BIOFIN Assessment
- Analyze existing biodiversity finance solutions
- Analyze new opportunities for finance solutions
  - Realigning expenditures (including environmental fiscal reform)
  - Avoiding future expenditures
  - Additional resource mobilization
  - Improving delivery of biodiversity management services
- Review the financial gap for each NBSAP Strategy to identify potential mechanisms
- Assess the feasibility and prioritize each finance solution identified
  - Description of the solution
  - Responsible party
  - Key stakeholders
  - Timeline
  - Potential revenue and/or savings
  - Start-up and ongoing costs
- Building the business case for the biodiversity finance plan

# Financing mechanisms can…

**Generate revenues**

- Generate or leverage financial resources
- Ex: Impact Investment, green taxes

**Realign expenditures**

- Re-orient existing financial flows
- Ex: Elimination of harmful fishery subsidies

**Avoid expenditures**

- Prevent or reduce future expenditures / investment needs
- Ex: Taxes on sugar content or tobacco (health expenditures)

**Deliver better**

- Enhance effectiveness, efficiency, and synergies
- Favor a more equitable distribution of resources
- Ex: Challenge funds, climate funds

# Components

| | |
|---|---|
| Source | • Willingness to Pay / Ability to Pay<br>• Intended and Unintended Consequences |
| Management | • Reliability of interest / capacity to manage<br>• Long term availability / investment |
| Disbursement | • Planning / budgeting process<br>• Administrative ease / challenges |
| Consumer | • Efficiency of use<br>• Additional benefits / costs |

# Some Financial Mechanisms

- General Government Budget / Treasury
- International Development Assistance*
- Foundations, Corporations (CSR) and Individuals Voluntary Funding
- Environmental Fiscal Reform (EFR)*
- General Taxes
- Green Taxes e.g. pesticides, fertilizers, natural resource extraction, wastewater discharges, entrance fees to parks and reserves
- Subsidies (including reducing harmful)
- Payment for Ecosystem Services (PES)*
- Biodiversity Offsets*
- Markets for Green Products*
- Biodiversity in Climate Change Funding* - including CDM and Voluntary Emission Reductions
- Fees – 1) self-assessed (e.g. community forest fees or agricultural cooperative fees) or 2) imposed on others (entry fees or departure fees)
- Loans
- Equity
- Natural Resource Damage Assessment Fees
- Other Market-Based Mechanisms

## How does it work?

- Describe the functioning in details
- Describe the main stakeholders involved in the process and their role
- Estimate the potential in monetary terms (revenues, realignment or savings)

## When is it feasible?

- Describe the legal requirements and/or other feasibility requirements
- Estimate the minimum investment required and running costs
- Indicate in what context/when it is more appropriate
- Indicate when it should not be used

## What are the main risks and challenges?

- Describe the pro of the solution suggested
- Describe the cons of the solution suggested
- Describe the main risks of the solution suggested
- Describe the main challenges of the solution suggested

## How can the design be ameliorated to improve the social/environmental impact?

- Describe the potential economic/social/environmental impact
- Describe how the design can be enhanced to mitigate/improve the economic impact
- Describe how the design can be enhanced to mitigate/improve the impact on poverty /inequality
- Describe how its design be enhanced to mitigate/improve the impact on the environment
- List detailed guidance
- List case studies

# BIOFIN

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# Resources

### Expenditure Reviews

UNDP Climate Change Expenditure Reviews - Methodological Note

UNDP - Climate Change Expenditure Reviews: Lessons Learnt

PEI - Rwanda Public Environment Expenditure Review Manual

Public Expenditure and Institutional Review - Thailand Climate Change

Public Expenditure Review - Agriculture Kenya

Public Expenditure Review - Agriculture Philippines

Public Expenditure Review - Bhutan Environment

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# For further information consult/contact:

## www.biodiversityfinance.net

## biofin@undp.org