

Resource Mobilization and Financial Reporting under the CBD

Closing finance gaps

Subregional Capacity-building Workshop on Financial Reporting and Resource Mobilization for Eastern European and Central and West Asian Countries

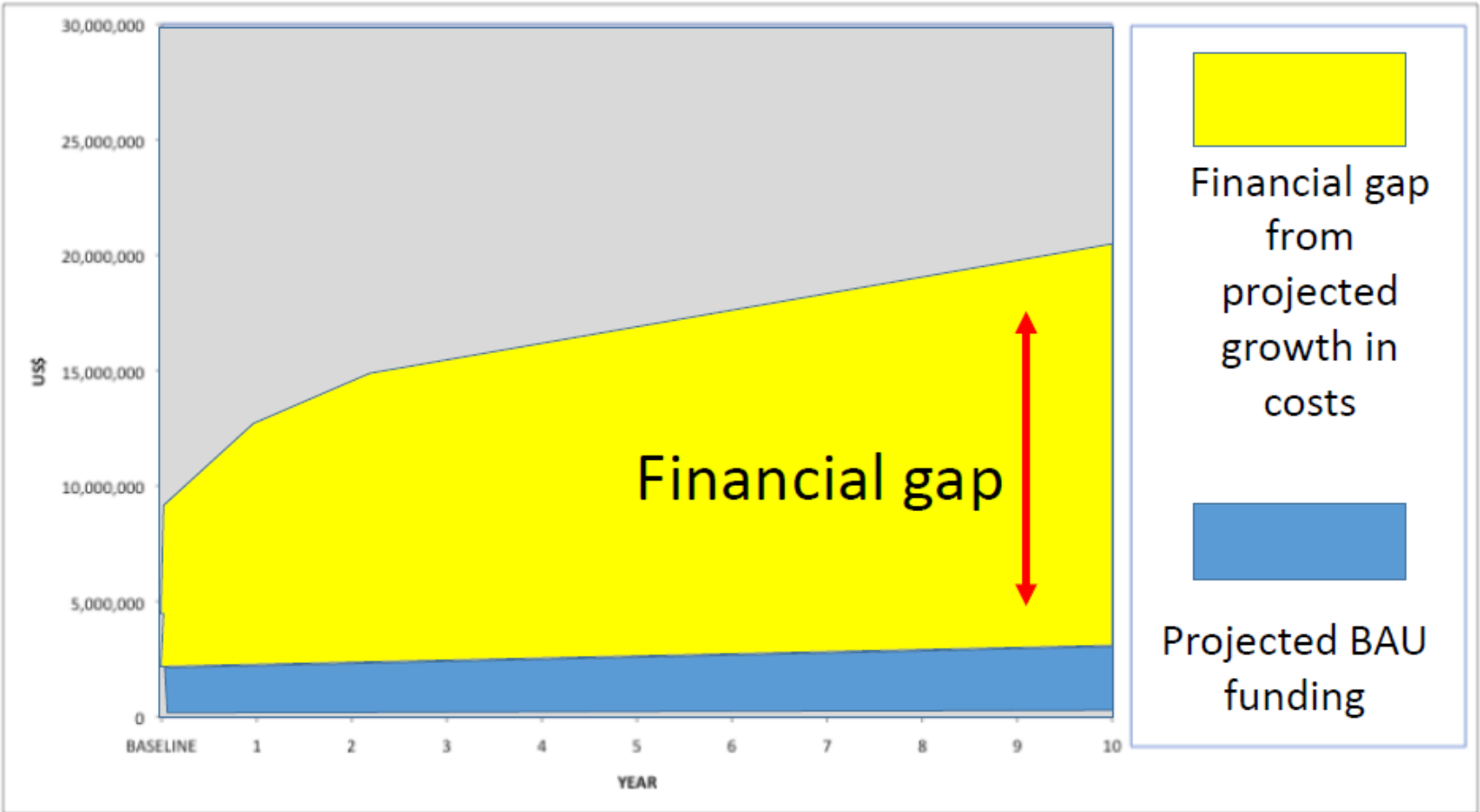
Tbilisi, Georgia, 25-26 February 2016

Csoban Somodi

Secretariat of the Convention on Biological Diversity



Closing the finance gap





National financial plans

From 3rd Column
question 5

Specify the actual
sources

Currency *

Nothing selected...

Please select a currency in Part 4.

All values are : *

in thousands

	2014	2015	2016	2017	2018	2019	2020	
Expected funding gap ⓘ	200	500	0	-100	200	0	0	
Domestic sources (total) ⓘ	100	150	0	0	100	0	0	
National Budget	EN	100	150		100			
domestic source name	EN							
international flows (total) ⓘ	100	350	0	0	100	0	0	
Japanese Funds	EN	50	100					
EU	EN	50	250		100			
international source name	EN							
Remaining gap ⓘ	100	350	0	-100	100	0	0	

$$100 - (200 + 350)$$

Sources of finance

CBD Strategy for Resource Mobilization (IX/3; see XII/3 Annex IV):

- International financial flows from all sources (public and private)
- Biodiversity 'co-benefits' in climate financing
- Budgetary allocations for biodiversity and associated ecosystem functions/services in national and relevant sectoral budgets
 - *“Demonstrate that budgetary allocations for biological diversity and its associated ecosystem functions and services in national budgets are investments contributing to wider solutions to the challenges of food security, water management, disaster risk reduction, livelihoods, poverty reduction and inclusive economic growth, by integrating biodiversity outcomes in development programmes and projects.”*
(decision XI/4, annex IV)
- Environmental fiscal reforms including innovative taxation models and fiscal incentives; see also Aichi Target 3:
 - Eliminate, phase out, reform harmful incentives
 - Establish positive incentives; fiscal transfers

Sources of finance (cont.)

- Payment for ecosystem services schemes
- Enabling conditions for biodiversity offset or compensation mechanisms
- Biodiversity criteria in national procurement plans and policies, national strategies for sustainable consumption and production, and similar planning frameworks
- Business and biodiversity platforms, networks and/or partnerships, with a view to further engaging the private sector
- National ranking and/or top runner lists of private and public sector companies that dedicate resources to biodiversity
- Eco-labelling
- Domestic environmental funds

Sources of finance (cont.)

“urges Parties to consider undertaking, as appropriate, a review and assessment of existing legislation and policies governing biodiversity financing mechanisms, with a view to identifying opportunities for mainstreaming biodiversity and strengthening current policies and their complementary safeguards”

(decision XII/3, para 17)

Budgetary allocations

Some progress is being made...

- *“ Since 2005 the Target Environmental Fund has been functioning, which is an extra-budgetary account. In the period of 2005-2012 thanks to voluntary contributions, donations and fund-raising by legal and physical persons of the Republic of Armenia more than 300 mln AMD has been transferred to the fund, which has been used for implementation of a number of important environmental programs and measures. ”*

Armenia, 5th National Report

- *“Afforestation of land with the financial support of the World Bank will contribute, in 20 years, to reduce the CO2 emissions by 3.6 million tons. P.26-From the National Ecological Fund are allocated annually funding sources for stopping the landslides and erosion processes, for afforestation of degraded lands, strengthening of dams for protection from high flood, elaboration of project documentation for liquidation of flood consequences and protection measures against them. In the last three years were allocated more than 122 million lei.”*

Moldova, 5th National Report

Budgetary allocations

However...

“Target has been partially achieved, the rate of mobilization of financial resources for biodiversity is gradually increasing, but they are still not sufficient. Even the existing resources are not always used effectively.”

Kyrgyzstan, 5th National Report

“Insufficient and/or poor financial resources are allocated for effective implementation of biodiversity, especially at the national level.”

Yemen, 5th National Report

Addressing harmful incentives: milestones

Timeline	Milestone
2015	National target reflecting Aichi Biodiversity Target 3 and associated action items included in revised national biodiversity strategy and action plan (NBSAP)
2016	Policy or legislative action is being developed 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

Adopted by COP-12 (decision XII/3, para 21 and Annex I)

Harmful incentives: addressing obstacles

Possible responses to obstacles encountered in implementing incentive reforms:

- i. increase transparency
- ii. change the terms of the policy debate by challenging misconceptions
- iii. make heard the voices of those who are disadvantaged by the status quo
- iv. recognize that a range of options is available to meet societal objectives
- v. better target existing subsidies and improve subsidy design (including possible conditional subsidies), consistent and in harmony with the Convention and other relevant international obligations, taking into account national socio economic conditions
- vi. seize and create windows of opportunity (e.g., policy reforms, legal and international obligations)
- vii. accompanying or transitional measures.

(see decision XII/3 Annex IV, para 34)

Harmful incentives in the region

Importance of the issue recognized in national reports...

“No measures have been taken to apply positive incentives for biodiversity, however certain measures have been carried out to eliminate harmful incentives such as confiscation of hunting weapons and fines imposed on illegal poaching.”

Moldova, 5th National Report

“Positive incentives created in most of the sectors, but some harmful incentives still exist.”

Kazakhstan, 5th National Report

“No harmful incentives; positive incentives are only on planning stage.”

Armenia, 5th National Report

Payment for Ecosystem (PES)

Private schemes:

- Scheme funded by a company
- Applicability?

Public schemes

- E.g. financial rewards in the context of community co-management

“In Armenia, no subsidies harmful to biodiversity are applied. Regarding positive incentives for biodiversity conservation and sustainable use, it is necessary to develop and introduce legislative and economic mechanisms on payments for ecosystem services as well as on compensation and encouragement to support development of the system of SNPAs in Armenia.”

Armenia, 5th National report

See CBD Technical Series no 56 (case studies and lessons learned on incentive measures)

<https://www.cbd.int/doc/publications/cbd-ts-56-en.pdf>

Offsets

'Private' offsets or compensation schemes

- See examples under <http://bbop.forest-trends.org/>

Public offsets: based on a legal requirement and an associated enabling environment

- Physical offsets vs compensation payments
- Specific safeguards for offsets; for instance:
offset or compensation schemes to:
 - Ensure that they respect the mitigation hierarchy
 - Ensure that they implement current levels of biodiversity protection in the planning system
 - Ensure that they are not used to undermine unique components of biodiversity

(XII/3 Annex IV)

Safeguards for financing mechanisms

Voluntary guidelines on safeguards (XII/3, Annex III)

- Both opportunities and risks need to be taken into account
- Safeguards to promote the positive effects and avoid or mitigate unintended negative effects on biodiversity and livelihoods
 - Recognize the role of biodiversity and ecosystem functions for local livelihoods and resilience, as well as biodiversity's intrinsic values
 - Carefully define the rights and responsibilities of actors and/or stakeholders in biodiversity financing mechanisms, with the effective participation of all actors concerned
 - Safeguards to be grounded in local circumstances, be developed consistent with relevant country-driven/specific processes as well as national legislation and priorities, and take into account relevant international agreements, declarations and guidance
 - Put in place appropriate and effective institutional frameworks, including enforcement and evaluation mechanisms that will ensure transparency and accountability

Criteria for selecting financing mechanisms

Financial considerations <ul style="list-style-type: none">• How much revenue will it generate?• How stable is the revenue?• What are the initial costs?	Legal considerations <ul style="list-style-type: none">• Is it legally feasible within the current system?• Does it require new legislation?• Is it possible to simply use an executive order?	Administrative <ul style="list-style-type: none">• How difficult will it be to administer, enforce, collect?• Are there enough trained staff?
Social considerations <ul style="list-style-type: none">• What will be social impacts?• Who will pay?• Will the mechanism be viewed as equitable?	Political considerations <ul style="list-style-type: none">• Is there political will?• Will the funds be redirected to the correct purpose?• Is monitoring possible?	Environmental <ul style="list-style-type: none">• What are environmental impacts involved in implementation?• Can safeguards be put in place?

Roundtable

Suggested questions

- What are the main funding sources/mechanisms, nationally and regionally?
- Where do you see most opportunities for generating additional resources?
- What are existing risks and obstacles?
- What could be done to address/overcome those?