The Biodiversity Finance Initiative (BIOFIN)

Mobilising Resources for Biodiversity and Sustainable Development

Feb 2016
• 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
Two Main Axes of Work:

1. Global
2. National
BIOFIN – Axis 1: Global Work

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

THE BIOFIN WORKBOOK
A Tool to Mobilize Financial Resources for Biodiversity and Development

BIOFIN – The Biodiversity Finance Initiative
## WORKBOOK 1C: PUBLIC AND PRIVATE BIODIVERSITY EXPENDITURES AND EFFECTIVENESS

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

<table>
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<th>Total government budget</th>
<th>Additional notes</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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### SECTION 2 AND 3: BASELINE BIODIVERSITY-RELATED EXPENDITURE AND EXPENDITURE EFFECTIVENESS REVIEW

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<th>Finance Actor, Sector and Department</th>
<th>Budget information</th>
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<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
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<tr>
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<td>Enabling expenditures</td>
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<td>All other biodiversity expenditures</td>
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<td>Total harmful expenditures</td>
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Two Main Axes of Work:

1. Global

2. National
BIOFIN – Axis 2: National Work

- Pilot/implement in 30 core countries (Feb 2016)
- Core country national budgets: from $468,000 to $1,000,000
- Outreach to non-core countries globally:
  - regional nodes (S-S cooperation)
  - UNDP-BIOFIN / CBD training and expert workshops on resource mobilisation

BIOFIN Countries (29)
Approach

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

National

Ministry

Programme

Activity

- Total Budget / Expenditure
- Ministry of Environment and Tourism (MET)
- Wildlife and Protected Area Management
- Tourism Development
- Fencing of conservation areas
- Water provision for game / wildlife

Methodology

Govt. Biodiversity Expenditure
Non-Govt. Biodiversity Expenditure
Total Biodiversity Expenditure
Biodiversity Expenditure and National Indicators
Conclusions
Namibian Government Biodiversity Expenditure Review

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

Methodology

- Govt. Biodiversity Expenditure
- Non-Govt. Biodiversity Expenditure
- Total Biodiversity Expenditure
- Biodiversity Expenditure and National Indicators
- Conclusions

![Graph showing MET Budget and MET Biodiversity Budget from 2006/07 to 2012/13](image)
Namibian Government Biodiversity Expenditure Review

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

<table>
<thead>
<tr>
<th>Methodology</th>
<th>Govt. Biodiversity Expenditure</th>
<th>Non-Govt. Biodiversity Expenditure</th>
<th>Total Biodiversity Expenditure</th>
<th>Biodiversity Expenditure and National Indicators</th>
<th>Conclusions</th>
</tr>
</thead>
</table>

**Graph:**
- **MET Biodiversity Expenditure**
- **MET Biodiversity Expenditure: MTEF Projection A**
- **MET Biodiversity Expenditure: Scenario 1A**
- **MET Biodiversity Expenditure: Scenario 2A**
- **MET Biodiversity Expenditure: Scenario 3A**

**X-axis:** Years (2006/07 to 2020/21)
**Y-axis:** N$, Millions
Namibian Government
Biodiversity Expenditure Review
Real Govt. Biodiversity Expenditure & Projections: 2006/07–2020/21

![Graph showing biodiversity expenditure review for Namibia from 2006/07 to 2020/21. The graph includes data for various categories such as MET, MAWF, MFMR, MLR, MYNSSC, MME, and MWTC.]
Biodiversity Expenditure and National Indicators

_Biodiversity Expenditure as a Percentage of Total Govt. Expenditure_

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
<th>Biodiv. expenditure as a % of total Govt. expenditure</th>
<th>Proj. biodiv. expenditure as a % of forecast total Govt. expenditure (central)</th>
<th>Proj. biodiv. expenditure as a % of forecast total Govt. expenditure (high)</th>
<th>Proj. biodiv. expenditure as a % of forecast total Govt. expenditure (low)</th>
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<td>2008/09</td>
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<td></td>
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<td>2009/10</td>
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<td>2014/15</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>2015/16</td>
<td></td>
<td></td>
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<tr>
<td>2016/17</td>
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Methodology

Govt. Biodiversity Expenditure

Non-Govt. Biodiversity Expenditure

Total Biodiversity Expenditure

Biodiversity Expenditure and National Indicators

Conclusions
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
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

<table>
<thead>
<tr>
<th>Rehabilitation of priority inland wetlands including peatlands</th>
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<tbody>
<tr>
<td>Management of settlements in wetlands is designed and implemented</td>
</tr>
<tr>
<td>Reforestation is implemented</td>
</tr>
<tr>
<td>Soil conservation technologies in priority wetlands are implemented</td>
</tr>
<tr>
<td>Identify marsh areas that are degraded</td>
</tr>
<tr>
<td>Code</td>
</tr>
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<td>-------</td>
</tr>
<tr>
<td>701-734</td>
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<td>751</td>
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<td>782</td>
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<tr>
<td>766-767</td>
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<td>761</td>
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</table>
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

<table>
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<tr>
<th>Direct Actions</th>
<th>ACTIVITIES/ ITEMS FOR COSTING</th>
<th>UNIT COST (LOW)</th>
<th>UNIT COST (HIGH)</th>
<th>UNIT</th>
<th>FREQUENCY</th>
<th>DAYS</th>
<th>TOTAL COST (LOW)</th>
<th>TOTAL COST (HIGH)</th>
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<tr>
<td></td>
<td></td>
<td>PhP</td>
<td>PhP</td>
<td></td>
<td></td>
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<tr>
<td>PERSONNEL</td>
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<td>1. Increase the number of in situ and ex situ sites that conserve and propagate diverse indigenous species and varieties</td>
<td>Personnel (DA)</td>
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<td>2,669,412</td>
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<td>10,677,648</td>
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<td>MOOE</td>
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<td>Plant Breeding Specialists</td>
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<td>PhP per man-month</td>
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<td>1,350,000</td>
<td>1,800,000</td>
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<td>Travel</td>
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<td>Transportation</td>
<td>12,000</td>
<td>13,800</td>
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<td>72,000</td>
<td>82,800</td>
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<td>Per diem</td>
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<td>PhP per pax</td>
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<td>Other MOOE</td>
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<td>Other supplies and materials</td>
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<td>77,400</td>
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<td>Electricity</td>
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<td>14,835</td>
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<td>464,400</td>
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<td>Research Exploration and Development Expenses</td>
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<td>118,680</td>
<td>136,482</td>
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<td>Subsidies and donations to LGUs</td>
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<td>1,035,000</td>
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<td>3,600,000</td>
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<td>1,725,000</td>
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<td>300,000,000</td>
<td>345,000,000</td>
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<td>Establishment and funding support for new CB breeding program</td>
<td>7,875,000</td>
<td>9,056,250</td>
<td>PhP lump sum per site</td>
<td>2</td>
<td>15,750,000</td>
<td>18,112,500</td>
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<td>Capital Outlay</td>
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<tr>
<td>Office building/ laboratory</td>
<td>3,000,000</td>
<td>3,450,000</td>
<td>PhP lump sum per site</td>
<td>4</td>
<td>12,000,000</td>
<td>13,800,000</td>
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<tr>
<td>Office equipment</td>
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<td>161,000</td>
<td>PhP lump sum per site</td>
<td>4</td>
<td>560,000</td>
<td>644,000</td>
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<td><strong>SUB-TOTAL</strong></td>
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<td><strong>354,626,152</strong></td>
<td><strong>408,675,428</strong></td>
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Budgeting Refinements

Pre-work & NBSAP Refinement → Experts input

Experts input → Refine Models

Refine Models → Stakeholder Feedback

Stakeholder Feedback → Refine Results

Refine Results → Pre-work & NBSAP Refinement
## Summary of Cost per Thematic Area

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

Estimated Cost of PBSAP According to Aichi Targets (Low)

- RESTORATION, PhP159,446,333,843.92
- PROTECTION, PhP137,190,956,937.15
- SUSTAINABLE USE, PhP13,708,427,258.45
- ABS STRATEGIES, PhP1,437,360,154.05
- ENHANCE IMPLEMENTATION, PhP12,049,089,158.13
- BIODIVERSITY MAINSTREAMING, PhP13,110,380,137.01
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
  - Intended and Unintended Consequences

- **Management**
  - Reliability of interest / capacity to manage
  - Long term availability / investment

- **Disbursement**
  - Planning / budgeting process
  - Administrative ease / challenges

- **Consumer**
  - Efficiency of use
  - Additional benefits / costs
- Justification (biodiversity project/strategy)
- Rationale (political, social, economic)
- Expected financial results
- Market analysis (demand, competition)
- Risks analysis
- Capacity analysis (technical and managerial)
- Critical design elements
- Timeline, responsibilities and operational steps
- Budget for start-up and implementation
- Milestones for monitoring progress
- Other critical considerations (e.g. social safeguards)

For each priority solution or project

5 to 15
Fiscal

**Ecological fiscal transfers**

- **Fuel taxes**
- **Tourism-based taxes and fees**

**Phase out harmful subsidies (e.g. fishery)**

**Attract impact investment**

**Market**

- **New lottery**
- **Payment for ecosystem services**

**Negotiate Debt-for-Nature Swaps**

**Debt/Equity**

- **Blue/green bonds**
- **Establish blue/green lending facilities for SMEs**
- **Introduce regulatory reforms to reduce investors' risks (de-risking)**

**Social or development impact bonds**

**Risks**

- **Establish climate and environmental risk insurance schemes**
- **Facilitate bioprospecting**
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
For further information consult/contact:

www.biodiversityfinance.net

biofin@undp.org