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21 June 2010

NOTIFICATION

Information Note on the Green Development Mechanism

Dear Madam/Sir,

I have the honour of transmitting to you the information note prepared by the Green Development Mechanism (GDM) 2010 Initiative with respect to its institutional characters. The information note is transmitted to Africa's national focal points of the Convention, as received.

In its recommendation 3/9 (Policy options concerning innovative financial mechanisms), the Ad Hoc Open-ended Working Group on Review of Implementation of the Convention on Biological Diversity (WGRI-3) indicated that Africa requires more information of the GDM 2010 Initiative on its mandate, governance structure, source of funding, funding criteria (beneficiaries), as well as the link with the Convention and its programme of work. The information note is in direct response to that request.

The GDM 2010 Initiative also extends an offer to hold further consultations with the Africa Group on this subject, and will seek to consult the Africa Group with respect to a suitable time, place and funding for a workshop on the green development mechanism, before or during the resumed ninth meeting of the Ad Hoc Open-ended Working Group on Access and Benefit-sharing, which will be held from 10-16 July 2010 in Montreal, Canada.

Please accept, Madam/Sir, the assurances of my highest consideration.

Ahmed Djoghlaif
Executive Secretary

Attachment

To: Africa's National Focal Points and Resource Mobilization Focal Points of the Convention

Information on the GDM 2010 Initiative

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15 June 2010

This note provides further information on the GDM 2010 Initiative, as requested by the Africa group during WGR13 in May 2010 in Nairobi.

In particular, the note responds to a footnote on preambular text which refers to the Business and Biodiversity Offsets Programme and the Green Development Mechanism (GDM) 2010 Initiative, included in document UNEP/CBD/WG-RI/3/L.13 (Policy Options concerning Innovative Financial Mechanisms - Draft recommendation submitted by the Chair). The footnote states:

“Africa requires more information of these initiatives on their mandates, governance structures, source of funding, funding criteria (beneficiaries), link with the Convention on Biological Diversity and its programmes of work.”

- **What is the gdm?**

The gdm is a proposed initiative to mobilise new and additional funding from the private sector for the conservation of biodiversity, the sustainable use of biological resources and the equitable sharing of benefits arising out of this use. A gdm would seek to supplement the funding commitments by developed country Parties under Article 20 of the CBD.

The gdm is in a formative stage. Under the GDM 2010 Initiative, we are at present exploring how such a mechanism might best contribute to promoting the objectives of the CBD. We are thus seeking the views of Parties and other stakeholders, and we particularly welcome the opportunity to engage in further dialogue with the Africa Group.

- **Mandate**

The mandate for the GDM 2010 Initiative follows from CBD COP9 Decision 11, Goal 2.6:

“To establish enabling conditions for private sector involvement in supporting the Convention’s three objectives...”

In this respect, we are seeking a commitment from CBD Parties at COP 10 in Nagoya to authorise further discussion and exploratory work on a green development mechanism that facilitates new and additional resources for biodiversity.

If further discussion of this initiative is endorsed at COP10, this could include the development of a set of strategic activities to explore the scope of a gdm and its modalities - including its governance structure. This next phase could also include the development of pilot projects.

- **Present status**

The GDM 2010 Initiative is presently funded by the Government of the Netherlands, which has commissioned a non-profit organisation - Earthmind - to facilitate further discussion on a gdm, engage the international community at events such as WGR13, elaborate discussion papers on a gdm, and organise technical workshops and high-level briefings to refine the concept and keep governments and other stakeholders abreast of ideas as they develop.

Information on the GDM 2010 Initiative

- **Source of funding**

The funding for the GDM 2010 Initiative is a grant from the Government of the Netherlands. If a gdm is established, its primary source of funding will be private sector finance, though Governments may wish to put in place incentive arrangements to encourage participation by the private sector. Other sources of funding might include NGOs and charitable Foundations.

- **Funding criteria**

The funding criteria of a gdm is one of the many issues which needs further discussion in the context of efforts to draw up operational modalities for the gdm initiative. Key issues which will also need to be agreed are the means by which funding is to be generated, certification and evaluation methodologies for gdm-certified areas, and the governance structure of a gdm. Some preliminary analysis of these issues is available in 'UNEP/CBD/WG-RI/3/INF/13: Innovative financial mechanisms - Initiating work on a green development mechanism.'

- **Link with the CBD and its programmes of work**

The GDM 2010 Initiative supports the implementation of the CBD and its three objectives, particularly through exploring the development of an innovative finance mechanism that engages the private sector to help mitigate biodiversity loss. This is supported by CBD COP9 Decision 11, Goal 2.6, cited above, as well as in the more recent bracketed text of document UNEP/CBD/WG-RI/3/L.13:

“[5. Invites interested organisations and initiatives to consider the need for and modalities of a green development mechanism, which, in its pilot phase, could develop a voluntary standard and certification process for validating the supply of biodiversity-protected areas and a market-based institutional framework for enabling payments by companies, consumers and other stakeholders.]”

The linkage is also evidenced in the un-bracketed preamble text of document UNEP/CBD/WG-RI/3/L.3 (Progress towards the 2010 Biodiversity Target - Business engagement - Draft recommendation submitted by the Chair), which reads as follows:

“*Recognizing* the opportunity and need to incorporate biodiversity objectives into emerging new green development initiatives...”

- **Next steps and further information**

Between WGRI3 and COP10 in October, key issues to be further discussed and elaborated include the following:

- Potential demand and marketability in a voluntary market;
- Potential supply and related issues of certification and property rights;
- Market structures and modalities including transaction costs; and
- The place for a gdm vis-à-vis other mechanisms (CDM, GEF, REDD+, BBOP, PES, etc).

In taking this process forward we would particularly welcome inputs and advice from the Africa Group, which represents, in geographical terms, one of the richest biodiversity regions in the world and thus one of the most likely to benefit from the establishment of a gdm. We stand ready to make ourselves available for such discussions at an early opportunity.

Further information on the GDM 2010 Initiative is available at: gdm.earthmind.net.